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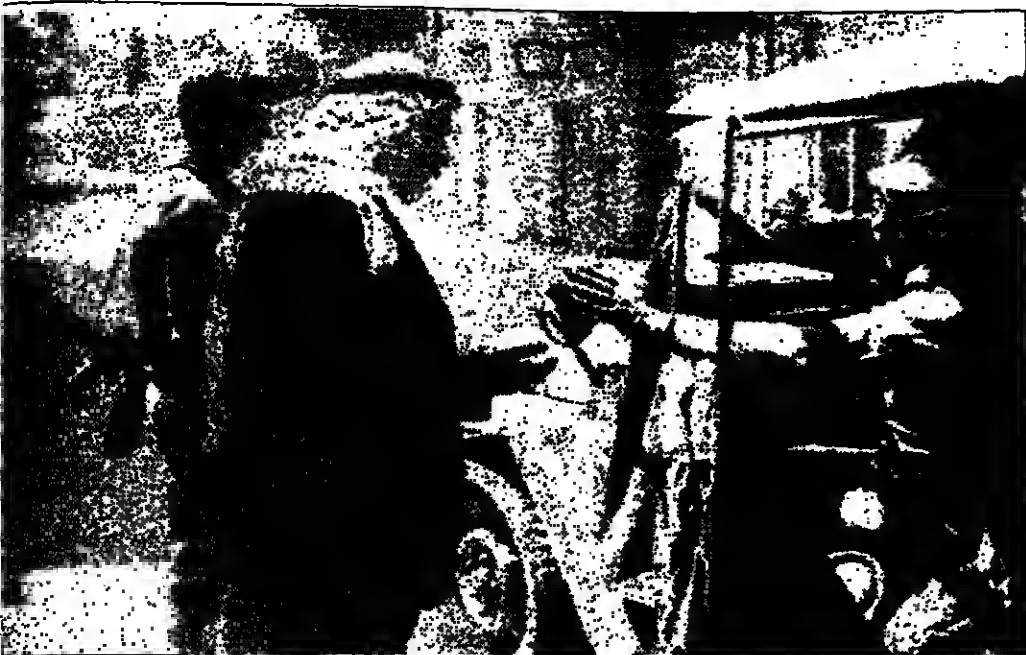
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Established 1887



An Arab shopkeeper questioned an Israeli officer Monday about why soldiers forced open his shop. It was the fourth day of a general strike called by Palestinians in the occupied West Bank.

3d Palestinian Slain on West Bank As Riots, General Strikes Continue

By William Claiborne

Washington Post Service

JERUSALEM — Israeli security forces shot and killed an Arab student Monday — the third Palestinian youth to die in a week — as the most violent and protracted riots in six years continued to sweep across the occupied West Bank.

From Jenin, the West Bank's northernmost town, to Hebron in the south, angry crowds of Arab youths pelted Israeli Army patrols with stones and threw gasoline-filled bottles as the army rushed in reinforcements in an attempt to quell the disturbances.

General commercial strikes to protest the shootings and the military government's decision Friday to dissolve the municipal council of Al-Bireh were extended for two more days by the mayors of most West Bank towns, and Arab shopkeepers defied orders by Israeli authorities to reopen.

The most serious disturbance Monday occurred in the Deir Am-

nar refugee camp, near Ramallah, where Mohammed Hamid Badha, 17, was shot to death when Israeli troops opened fire on rock-throwing demonstrators. Two students were wounded.

An Israeli Army command spokesman said that an army patrol had tried to disperse the demonstrators with tear gas and by shooting in the air, and that the soldiers opened fire "only when their lives were in danger."

Test of Will

Officials said the disturbances were the most serious since the "land day" riots of 1976, when Palestinians clashed with security forces in the West Bank and in predominantly Arab towns in the Galilee region of Israel.

The current violence stems from a test of will between the militantly nationalist mayors of the West Bank's major Arab cities and a new civil administration of the Israeli military government, who has declared his intention to develop

an alternative leadership to Palestinian mayors who openly identify with the Palestine Liberation Organization. The administrator, Menachem Milson, ordered the dissolution of the Al-Bireh council.

On Monday, Israeli police and security forces rounded up Al-Bireh's municipal employees, who went on strike Friday when the council was disbanded, and drove them to the city hall, where they were ordered to resume work. Palestinian sources said the employees refused.

Palestinian sources in Ramallah charged that a resident of the Jalazun refugee camp was beaten by soldiers wielding riot sticks. He was identified as Mahmoud Othman, 25, who was in serious condition at a Ramallah hospital. The army command spokesman said he had no information on the incident.

The army continued to seal off Ramallah, Al-Bireh and Nablus in (Continued on Page 2, Col. 3)

Space Shuttle Reaches Orbit On 7-Day Trip

From Agency Dispatches

CAPE CANAVERAL, Fla. — The space shuttle Columbia lifted off Monday, streaking into orbit on its third and toughest test flight.

With Col. Jack R. Lousma and Col. C. Gordon Fullerton at the controls, the shuttle was launched at 11 a.m., an hour behind schedule because of a ground equipment problem.

The shuttle is scheduled to circle the Earth 115 times in seven days. Col. Lousma and Col. Fullerton are to subject Columbia to a thorough flexing of the ship's systems. They will also conduct 14 scientific experiments.

Then they will bring Columbia home to a contingency landing site in New Mexico because the primary runway in the California desert is soaked from rain.

If successful, the mission will advance Columbia significantly toward operational status. The shuttle is to carry a Defense Department payload on its fourth and last test flight this summer before making its first for-hire journey with a pair of communication satellites.

A heater problem developed shortly before technicians were to start pumping thousands of gallons of frigid liquid oxygen into the ship's external tank at 3:30 a.m.

The nitrogen heater on the mobile launch platform failed to oper-

ate, and technicians were sent to the launch pad to fix it. The problem was reported corrected at 4:22 a.m. The heater was required to warm nitrogen to prepare the ship's main engines for flight.

It was the only significant hitch in an otherwise near-flawless countdown. NASA said the one-hour flight delay, ordered by George Page, the launch director, meant that everything in the week-long mission would be set back by an hour.

The spaceship, which weighed 2,239 tons at liftoff, rode a pillar of yellow flame into the partly cloudy sky, leaving a long trail of smoke in its wake.

"It looks great," said President Reagan, who watched the launch on television in the White House. The twin solid propellant booster rockets split away on schedule two minutes after launch. The Columbia was 31 miles (50 kilometers) high at the time and 29 miles northeast of the cape.

The shuttle flew a slightly lower and faster course out of the atmosphere in a test of more efficient paths that will be used later when it carries satellites on operational flights starting in November.

Mission Control in Houston reported that the ship was performing well as it accelerated toward a 17,500-mile-an-hour orbit.

"Boy the first part of this ride is a real barn burner," Col. Lousma reported.



The space shuttle Columbia lifted off Monday from Cape Canaveral on its third flight.

At 11:41 a.m., Columbia powered into orbit with a 132-second burst of thrust from its twin main engines. It was now down to 112 tons. "A good burn," reported Mission Control in Houston.

One of the three auxiliary power units that drive the ship's hydraulic flight control system overhauled on the climb to orbit and was turned off as a precautionary measure. But it later cooled, and Mission Control said it should not affect the flight.

An estimated quarter million spectators turned out for the launch. They packed causeways, beaches and vacant lots. They even parked their cars on highway median strips to get a glimpse of the takeoff.

Col. Lousma, 46, was in space once before, for 59 days aboard

Skylab 2 in 1973. Col. Fullerton, 45, has been an astronaut for 16 years but had never before flown in space.

They went to bed shortly after 7 p.m. Sunday after talking with Mr. Reagan by phone and reviewing their flight plan. Because of the delay, they were allowed to sleep an extra hour. Officials woke them shortly after 6 a.m. for breakfast and a brief medical exam. By 8:30 a.m. they were at the launch pad.

"Looks like we've got a great day," Col. Lousma said in his first radio report from the Columbia's cockpit, two hours and 10 minutes before launch time.

"Yeah, it looks good right now even though we are an hour down," said an engineer in the launch control center.

After the launch the astronauts reported the abnormal tempera-

ture reading on one of the ship's three hydraulic system power units.

A mouse later controllers told the astronauts to shut down that one auxiliary power unit. There was no danger to the pilots.

With the astronauts in the two-level cabin was a cage containing dozens of moths, honeybees and houseflies for a experiment to determine how the insects fly in weightlessness, and a miniature greenhouse to see how oat, bean and pine seedlings grow in space.

Although the launch was an hour late, it was the first time the shuttle had made its launch date. The first launch came within nine minutes of blastoff when a computer problem caused a two-day delay. The second flight got to within 31 seconds before an eight-day delay was called.

Warsaw's Spring: Nothing Much Is Melting but the Snow

By John Danton

New York Times Service

WARSAW — There is a strong whiff of spring in the wind that sweeps across the Vistula River. Day after day the sun pokes through the gray skies. It bathes the city in gold and steadily melts the few remaining bumps of blackened snow and ice, which have retreated to the most darkly shaded corners in courtyards and parks.

But Warsaw does not seem very spring-like. There are not many small to be seen. Others have noticed a curious phenomenon. Something is missing. In Warsaw, the harbinger of spring are not robins but Gypsies. In past years, they seemed to appear out of nowhere, staking out strategic spots in front of major hotels for begging.

Symbolic Jewelry
This year, so far at least, the Gypsies have not appeared. One theory is that they are lying low, since the martial law authorities have taken a stern attitude toward what they call marginal elements of society. The police demand all kinds of documents and proof of employment. Able-bodied men between the ages of 16 and 45 who are out of work may be conscripted for unpaid labor.

There is another explanation. Reliable sources report that the au-

thorities have been rounding up Gypsies and putting them on the ferry to Sweden, a forced deportation. They are given exit permits but no passports.

Poles have developed over the ages a remarkable ingenuity in coming up with symbols of protest. In the last century, when an insurrection against the Russian occupiers was crushed, many wore black mourning strips.

Under martial law, the latest fad in decorative jewelry is a tiny electrical device from a radio or television. The innocuous-looking bit of circuitry is worn by women as a pendant and by men as a lapel pin. The device is called a resistor. Its meaning is self-explanatory.

According to sources in the suspended Solidarity union, workers in an entire division at the Ursus tractor factory, about 700 men and women, turned up for work recently wearing Solidarity buttons. The police were called but by the time they arrived, the buttons were gone and the workers acted as if nothing had happened.

At some Warsaw high schools, students have from time to time staged what are called "silent demonstrations." Instead of going out

for recess, they sit quietly in the corridors.

By far the most effective protests have been aimed against figures in the performing arts who have publicly espoused the cause of martial law too enthusiastically. Weeks ago, an actor who had praised the authorities on television dropped out of a play after the audience applauded him so vigorously that he could not speak. Last weekend, a singer in a Verdi opera was subjected to similar treatment.

Januzelski Booed

The sound track of a overture in the Moscow Movie Theater, playing to an audience of mostly students, mentioned Gen. Wojciech Januzelski, Poland's military leader, and was drowned out by boos and jeers.

Last month, there was a perplexing two-paragraph news item about the small town of Swidnik, just outside Lublin in the south-east. It said that the provincial administrator, Tadeusz Wilk, issued new regulations restoring some "martial law rigors."

The curfew in Swidnik was extended, to begin at 7 p.m. All telephone and telecommunication

inside the town and with the outside world were cut. Private car traffic was banned, along with sports and cultural events and school classes beginning after 6 p.m. No explanation was given.

Now, weeks later, some news of what happened in Swidnik has reached the capital. It seems that the town was engaged in what may be the first citizens' boycott of news.

"Every evening, precisely at 7:30, people just left their houses and began walking up and down the streets," said a source. "The protest snowballed. After a couple of days it seemed that everyone in town was out there."

"People just walked their dogs, met each other, exchanged gossip. Some people put their TV sets in the window with the screen facing out so that everyone would know they weren't watching it."

The "walking protest," as it is called, had spread at last report to Lublin's main thoroughfare, Krakowska Przemyslowa, and an underground publication in the northern city of Bialystok has called for a similar action there. "For your physical health, we propose we all meet on evening walks," it said. "Pass it on to your

neighbors and work mates. Remember, every day from 7:30 to 8 p.m."

"If the news continues the way it has been, we may become the healthiest nation of walkers in Europe," a Warsaw schoolteacher joked.

Phone Warning

The power of the authorities to regulate lives is continually emphasized, in big ways and small. Every telephone connection is preceded by a singsong recording that says, "Rozmowa Kontrolowana" — "Conversation being monitored."

There are still about 3,600 persons interned at home who are released often voice announcements at the demonization they find outside. "I tell you, it was better in jail," said a luthier operator in Wroclaw. "We're not allowed to walk from one part of the factory to another."

In some nursery schools, according to teachers, the police have asked children to turn in parents who are doing a lot of typing — the main method for reproducing clandestine literature.

Some are beginning to think that the graffiti scrawled upon the walls — "The winter is yours but the spring will be ours," a message of warning to the authorities — is perhaps a bit premature now that spring is at hand.

INSIDE

U.S. Weaponry

President Reagan has endorsed a plan that calls for production over the next five years of about 380 more nuclear warheads than the level planned by the Carter administration in its last year in office, congressional and administration officials say. Page 3.

GM and Labor

General Motors and the United Auto Workers have tentatively agreed on a contract that could save the automaker \$3 billion over a 30-month period. Page 9.

TOMORROW

Cote D'Azur

Overbuilt, sometimes overcrowded, the Cote d'Azur remains one of the more popular vacation and residential spots in the world. A special supplement on the Cote d'Azur will appear in Wednesday's International Herald Tribune.



GREETING — British Prime Minister Margaret Thatcher greeted Indian Prime Minister Indira Gandhi Monday on the steps of No. 10 Downing St. Mrs. Gandhi is in Britain to inaugurate The Festival of India, a cultural celebration.

Leftists Weigh Defeat; Franc Hits New Low

From Agency Dispatches

PARIS — The leftist government officially acknowledged Monday a defeat in local elections and pressure built up against the franc.

Interior Minister Gaston Defferre said that compared with 1976 — the last time local elections were held in the districts at stake in the March 14 and March 21 balloting — the right-center opposition groups won 268 and the left lost 101 seats.

The figures were based on results from 1,933 voting districts out of 2,029 up for re-election. Results from the remaining districts in overseas territories were due late Monday.

Mitterrand Resigns
President Francois Mitterrand met for an hour Monday with Prime Minister Pierre Mauroy to reassess the political situation.

Mr. Mauroy made no comment afterward but aides said the government would neither slow down or speed up its planned changes in French society.

Meanwhile, the franc fell to record lows against the dollar and Deutsche mark.

The election setbacks have undermined confidence in Mr. Mitterrand's ruling coalition and its sweeping economic and social reforms, traders in Paris said.

As a result, the dollar ended Monday at a record high of 6.24 francs, from the previous record of 6.21 on Friday. Dealers said that little, if any, Bank of France intervention was detected.

The Deutsche mark was at an all-time peak 2.61 francs, close to the mandatory intervention point of 2.62 francs within the European Monetary System.

In New York, the franc weakened to 6.26 per dollar from an opening 6.23 and Friday's close at 6.19.

On the Bourse, prices lost ground across a broad front in moderately active trading.

Disappointment
The poor electoral showing, traders said, could reduce the government's margin of maneuver in attacking fundamental problems affecting the French economy — unemployment and inflation.

Socialist and Communist leaders did not try to conceal their disappointment with the election results.

The Socialists, who dominate the ruling coalition, remained the country's main political faction. They won 508 seats, a loss of five from 1976.

The Communists, who have been losing strength steadily in recent years, were the biggest losers. They won 197 seats, a loss of 44. The small Radical Left coalition group also received a serious beating, returning 61 seats, a net loss of 27.

Major Gains
The main opposition group, the Gaullist Rally for the Republic, made major gains — 145 seats, from 187 to 332 seats. Its opposition partners, the Union for French Democracy, saw its representation rise from 396 to 466 seats, a gain of 70.

In mainland France, the conservatives took control of 58 of 96 departmental assemblies called general councils, a gain of seven, while the number that the government coalition of Socialists and Communists held declined from 44 to 35.

Glomp Says Pontiff May Delay Visit

From Agency Dispatches

WARSAW — Poland's Roman Catholic primate, Archbishop Jozef Glemp, has said in public for the first time that Pope John Paul's second visit to his homeland, planned for August, might be postponed.

For some time, church sources have suggested that the pontiff would not visit Poland unless martial law, imposed in December, was lifted.

Archbishop Glemp told a congregation Sunday in Torun, 100 miles (160 kilometers) northwest of Warsaw. "We are hopeful that the internal social situation will not pose obstacles to the Holy Father's visit to Poland."

"This visit is indispensable even if it becomes necessary to postpone its date," he added.

Precedent for Extension

The archbishop had earlier hinted obliquely that the visit might be postponed when he said that the 500th anniversary of the Shrine of the Black Madonna at Czestochowa, the official occasion for the pope's visit, could be extended by 15 months.

A precedent for such an extension was set during the pope's visit to Poland in 1979. The Communist authorities refused to let him come for a religious anniversary set for May, so the church moved the celebration to June.

Meanwhile, the U.S. Embassy here said Monday that an American diplomat attended the baptism Sunday of Maria Victoria Walesa, the youngest daughter of the in-

Schmidt Links Setback In Vote to Party Image

From Agency Dispatches

BONN — West German Chancellor Helmut Schmidt acknowledged Monday that the troubled image of his Social Democratic Party was to blame for a major setback in state elections in Lower Saxony.

The Social Democrats, dogged by internal disputes over economic and nuclear arms policy, made their worst local showing in 27 years Sunday in the first of four state elections this year that together could tip the balance of power in Bonn.

"I must stress that the external image of Social Democracy played an important role in my party's poor showing in the Lower Saxony state parliament elections," Mr. Schmidt told the newspaper Bild Zeitung.

The chancellor said the decline in local support for his party was part of a general phenomenon, but he predicted that the Social Democrats would retain power in his home area of Hamburg in the next state elections on June 6.

Christian Democratic Majority
The conservative Christian Democrats, who formed the previous government in Lower Saxony but are in opposition in Bonn, gained 2 percent of the vote over the last election to emerge with an absolute majority of 50.7 percent.

Official provisional results gave the Social Democrats 36.5 percent of the vote, a decline of 5.7 percent from the Lower Saxony election of 1978. The environmentalist party, the Greens, won 6.5 percent and the Free Democrats 5.9 percent.

The Christian Democrats will have 87 seats in Lower Saxony's Landtag, or state parliament, the

Social Democrats 63, the Greens 11 and the liberal Free Democrats 10 seats.

Social Democratic losses mirrored setbacks already suffered by Mr. Schmidt's party earlier this month in local council elections in neighboring Schleswig-Holstein state.

Minority Courted

Meanwhile, Christian Democrats and the Social Democrats Monday began courting the Free Democrats.

The chairman of the Social Democratic Party, Willy Brandt, warned that the emergence of the Greens would only help conservative forces come to power in West Germany.

The chairman of the Christian Democratic Party, Helmut Kohl, said the Lower Saxony result must prompt Free Democrats to consider changing their coalition allegiance.

"The Free Democrats should realize that at the side of the Social Democrats they will be pulled along in that party's downward whirlpool," he said.

The Greens, a radical ecology party that takes leftist positions on many issues, took votes from the Social Democrats and won seats in the state legislature for the first time. They made a stronger showing than the Free Democratic Party, which is the junior partner in the coalition that controls the federal parliament in Bonn.

There has been speculation for weeks that the Free Democratic leader, Hans-Dietrich Genscher, might pull out of the alliance with Mr. Schmidt and throw his party's support behind the conservatives.



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Centuries-Old Forces Continue to Drive Combatants in Gulf

By Edward Cody
Washington Post Service

BAGHDAD — A \$22-million monument rising from the flat plains beside the Tigris River celebrates the battle of Qadisiya, the Arab triumph in 635 A.D. that broke the back of Persian rule over Mesopotamia.

For the families that drive 30 miles (48 kilometers) southeast from Baghdad to see a panoramic painting of the battle and picnic in the adjoining park, the monument has more than historical interest. Iraq's Arabs are again locked in a struggle with Persia, more than 13 centuries later, and the new war is called "Saddam's Qadisiya" to suggest that President Saddam Hussein is headed for an equally epochal victory over Iraq's enemies in what is today the Islamic Republic of Iran.

Historical Challenge

For Americans used to viewing the Middle East in terms of the Arab-Israeli dispute over land, it is difficult to look beyond the immediate causes for Iraq's 18-month-old conflict with Iran, such as sovereignty over the Shatt-al-Arab waterway linking the Tigris and Euphrates to the Gulf. But a visit to Iraq leaves a strong impression that other forces are also contributing to the struggle and may indeed be predominant.

Judging from Iraqi comments and public declarations, as well as observations of diplomats in Baghdad, these forces include traditional enmity between Persians and Arabs, the historical challenge of Shiite Islam to Sunni Moslem rule and resistance by fundamentalist mullahs in Iran to the self-assigned mission of Mr. Hussein's Arab Ba'ath Socialist Party to secularize and modernize Iraq and the Arab world.

Against this background, efforts to bring the conflict to a halt by mediation aimed at generating mutual concessions and compromise seem extremely difficult.

"We are defending the values of the modern world against a barbaric onslaught, and we are confident that the future will prevail over bygone days," said the Iraqi undersecretary of information, Abdul Gabbar Mohsen, in a recent interview.

An Asian diplomat with a broad range of contacts among Iraqi officials expressed a similar view, but more succinctly. "This

war is not really about the Shatt-al-Arab," he said. "It is about the Islamic revolution."

Iraqi officials emphasized that the three-year-old Iranian revolution — described by one Iraqi as a "sickness" that cannot be allowed to spread — threatens the entire Gulf area. They proclaim their war is being fought on behalf of the whole Arab nation, a view recently endorsed by King Hussein of Jordan, Iraq's closest ally. He said that Baghdad had become "the front line" against subversive designs of Iranian mullahs.

Iraq is particularly vulnerable to such subversion. It has a long border with Iran, a war front since September, 1980, in which its Shiite Moslem majority, estimated at about 55 percent of the country's 14 million inhabitants, is ruled by an authoritarian government led by Sunnites.

Under Mr. Hussein's Ba'athists, Iraq practices a tolerant shade of Islam. Alcohol and gambling are freely available; women drive unveiled down Baghdad streets as aggressively as men, and female students in European dresses at Al Mansouria University mix easily with their male classmates.

Such liberties are anathema to the Iranian Islam preached by Ayatollah Ruhollah

Khomeini, whose mullahs have gone so far as to segregate the ski slopes north of Tehran. The Iranian-style appeal for adherence to Koranic strictures is among the drawing points for the main Iraqi Shiite opposition group, The Call, with offices in Tehran and Iraq officials say, money and weapons from Iran to stir up subversion in Iraqi towns.

Iranian Shiites Expelled

Although the influence of The Call is difficult to assess in Iraq's closed system, Iraqi officials have taken the danger seriously enough to expel thousands of Shiites of Iranian origin in arrests that began before the war broke out and continue periodically even now. The execution of one of Iraq's leading Shiite mullahs and a ruthless crackdown on Call cells have resulted in its disbanding here, at least for the present, according to diplomats in Baghdad.

The role of Shiite Islam as a vehicle for religious and political protest is not without precedent. In the late 7th century, recently converted Moslems called Mawalis turned to Shiism to express social and economic grievance against the established order of the Umayyad Dynasty centered in Damascus.

Aside from religious differences, Persians and Arabs have been ethnic rivals for centuries. In this spirit, Iraqi newspapers and television announcers rarely use the word "Iran" in war communications or battle reports. Instead, they almost always say "the racist Persian enemy."

Mr. Hussein underlined the historic enmity in a recent speech to troops departing for the front, charging Iran with "reviving the negative aspects of history."

"Who else ruined Babylon?" he asked. "Who else cooperated with the Jews throughout history? They have cooperated with the Jews to destroy Babylon and cooperated with them to harm Iraq and the Arab nation. Today they cooperate with the Jews. While Tehran is launching aggression against the land of Iraq, the Zionists enter Babylon and launch their first return to the land of Israel in the 6th century B.C."

Historically, Mr. Hussein apparently was referring to the conquest of Babylon, 80 miles south of Baghdad, by the Persian Emperor Cyrus the Great, who freed the Jews in Babylon and permitted their first return to the land of Israel in the 6th century B.C.

New Telephone Book: Clues to Lebanon War

By Marvinne Howe
New York Times Service

BEIRUT — For the first time since 1973, a Lebanese telephone book is being published. Its 300,000 names provide some specific clues on what has happened to people as a result of the Lebanese civil war of 1975-76 and the subsequent violence.

"What started out as a simple commercial venture has turned into complicated sociological research that extends beyond our present means and aims," said Lucien George, head of the Arab World File documentation center, which has undertaken the project. The book is scheduled to be issued in May in French and Arabic editions.

Most of the telephones, about 220,000 of them, are still in greater Beirut. But Jounieh, which before the war was a small seaside resort with 4,000 telephones, has grown

into the de facto capital of the Christian section of East Beirut and the central Maronite heartland. It now has about 15,000 telephones, and the number is still increasing.

100,000 Newcomers

Mr. George said 100,000 people were newcomers to the list since the publication of the 1973 telephone book, which had about 200,000 subscribers out of a population estimated at 3 million.

He said that 100,000 people had moved or been displaced by events and that 100,000 others were still at their 1973 addresses.

More than 20,000 telephone lines have been destroyed, he said, and entire neighborhoods have been wiped off the map, among them Beirut's commercial center. Many numbers are included with asterisks, indicating "out of use."

In the prewar days, Beirut was the telecommunications center of the Middle East, with fast, efficient connections to almost anywhere. The war years have taken their toll, with existing lines becoming increasingly overloaded. People in some areas have to wait hours to get a dial tone.

The Lebanese Telecommunications Ministry has tried to stay abreast of events, repairing lines and installing new telephone exchanges whenever possible. But the ministry has not been able to keep its records up to date, let alone try to publish a new telephone book. Subscribers are just now receiving telephone bills for 1980.

Dialing Number 13

Mr. George conceived the telephone-book project in August of that year, when he resorted to a prewar habit and dialed the number 13 for information. To his astonishment, he received an answer and even the telephone number he was looking for.

Thus encouraged, he said, he thought all one had to do to produce a new book was to go to the ministry, ask for a list of subscribers and publish it. The complications, however, defied imagination, he said, and the compilation of a new book required the services of 40 people and a computer.

Authorization was obtained from Michel Mur, the minister of post, telephones and telegraph, but cooperation, as it turned out, was also needed from the Lebanese National Movement, which prevails in most Moslem West Beirut, and from the Lebanese forces, which run Christian East Beirut.

It soon became clear, he said, that instead of a list of subscribers, there were only vast quantities of paper, usually handwritten — requests to install telephones, transfers, receipts of payment, bills and complaints.

Mr. George's team volunteered to photocopy these diverse sources of information and compile a list of subscribers from them.

However, it is against Lebanese law to photocopy official records. Nor could the documents be removed from the ministry. As a result, he had to do the job inside the ministry and work directly on the mass of documents.

Mr. George plans to print a first edition of 60,000 copies. He estimates that the cost of the telephone book will be about \$500,000 and should be covered largely by advertising.

Student Slain On West Bank

(Continued from Page 1)

an attempt to restore calm, and the three towns were paralyzed by general strikes. Virtually every store in East Jerusalem was closed, despite the arrest of scores of shopkeepers who refused to reopen their businesses.

Israeli Defense Minister Ariel Sharon toured the West Bank, inspecting Ramallah and Al-Birah and then meeting in Hebron with Mustafa Duda, head of one of the village leagues that have been encouraged by the military government to compete with pro-PLO mayors for political dominance of the West Bank.

Palestinian sources in Nablus said Israeli soldiers who were stoned by students from a secondary school heeded about 50 students into classrooms and exploded tear-gas canisters while refusing to allow the students to leave.

The sources charged that when a doctor arrived, he was prevented from entering the building, and that some students who were being driven to a hospital in private cars were intercepted by security forces and taken to military government headquarters for questioning.

The Israeli Army spokesman said, however, that as the soldiers tried to force their way into the barricaded school, they were pelted with rocks, and that they fired tear gas only in the courtyard to provide a cover for entering the building.

White House Concerned

WASHINGTON (UPI) — Deputy White House press secretary Larry M. Speakes expressed concern Monday over the violence on the West Bank and said, "We deeply regret the loss of life over the weekend. We would like to re-emphasize the need to move ahead under the Camp David process and deal with the autonomy issue."

Amexing West Bank Discussed

TEL AVIV (AP) — Foreign Minister Yitzhak Shamir on Monday backed a statement by Israel's ambassador to the United States that talks on West Bank autonomy become hopelessly stalled, Israel may annex the territory.

Iraqi Envoy Assassinated In Lebanon

United Press International

BEIRUT — Unidentified gunmen assassinated a high-ranking official of the Iraqi Embassy Monday, police officials said.

The armed men sprayed the car of Ali Hajem Sultan, the Iraqi third secretary, as he left the embassy in predominantly Christian east Beirut, killing him immediately, the officials said.

Units of the Lebanese regular army, which has a major barracks near the embassy, sealed off nearby roads.

The Iraqis moved to the eastern half of Beirut more than a month ago after their embassy building in west Beirut was destroyed by a bomb in mid-December. It was the first embassy to move to east Beirut because of terrorism in the western section.

In recent weeks diplomats from Kuwait, Jordan and Bahrain have left Lebanon, reportedly because of threats against them.

The bomb attack on the Iraqi Embassy was widely interpreted as a reflection of the Iran-Iraq war. Gunmen of Iranian and Iraqi sympathies regularly fight in Beirut and southern Lebanon.

Earlier, Lebanese security forces moved into the northern coastal town of Tripoli to enforce a ceasefire between local militias and Syrian peacekeeping forces.

Lebanese government sources said a decision to send the Lebanese security forces to the city was taken in coordination with local militia and Syrian army officers. State-run Beirut radio said 550 policemen, supported by armored cars, took up positions around the city. The security forces also set up checkpoints and searched cars, the broadcast said.

The Syrian forces entered Lebanon in 1976 to separate battling local militias that government troops could no longer control, but fighting has broken out this month between militiamen in Tripoli and Syrian troops. A cease-fire was proclaimed after a week of fighting.

U.K. Says Envoy Broke Secrecy Law

United Press International

LONDON — A 29-year-old British diplomat has been charged with breaking state secrecy laws by passing classified information to an Egyptian diplomat while she was assigned to Tel Aviv.

Rhona Janet McIntyre Ritchie was charged in magistrate's court in London Thursday and freed on \$10,000 bail until April 27, court officials said Friday.

The hearing was shrouded in secrecy but Miss Ritchie was charged with passing classified information last November to Rezaul Karim, "a person to whom she was not authorized to communicate," she pleaded not guilty, court officials said. British news reports said Miss Ritchie had been promoted to first secretary, the embassy's third ranking official, last month.

Munich Bookstore Set Afire

The Associated Press

MUNICH — A Yugoslav bookstore was set afire early Monday, police said. It was the latest in a series of attacks in Western Europe on Yugoslav interests. The police said they had no suspects.

WORLD NEWS BRIEFS

Block Says Grain Sales Hurt Russia

The Associated Press

WASHINGTON — Agriculture Secretary John R. Block said Monday that the United States can punish the Soviet Union by selling it corn and wheat, forcing Moscow to spend its scarce foreign currency.

"The Soviet Union takes in about \$20 billion a year in hard foreign currency," Mr. Block said. "If they are obligated to spend 25 or 30 percent of that... on food which they eat up almost immediately... it's somewhat to our advantage to see them transfer those hard-earned resources to the United States.... We can burn them because all they do is eat the food."

Mr. Block also said, after joining agriculture-state senators in a meeting with President Reagan, that the United States "needs to establish itself as a reliable supplier of agricultural products around the world. We have been victimized... with a series of embargoes and trade sanctions."

EEC Official Denies Maligning Britain

United Press International

BRUSSELS — Gaston Thorn, president of the European Economic Community's Executive Commission, denied Monday that he had accused Britain of national selfishness and budgetary greed in an interview with a West German radio station.

A statement from Mr. Thorn's office said the alleged statements were based on a press handout distributed by the German Sudwestfunk that severely distorted the interview. The row came on the eve of a discussion March 29-30 in Brussels by EEC foreign ministers on farm and budget policy reforms, aimed at easing Britain's budget contribution.

Britain, which claimed it was the second largest contributor to the EEC budget despite being one of the poorest member countries, received a sizable cut in its payments under a temporary 1980 agreement ending this year. It expects its net contribution without a new agreement to be more than \$1 billion this year, and is demanding a definitive settlement.

Japan Vows Effort to Balance Trade

United Press International

WASHINGTON — Foreign Minister Yoshio Sakuruchi says he has told President Reagan that Japan will make a greater effort to resolve its trade imbalance with the United States.

"Japan and the United States enjoy a very basic friendship," Mr. Sakuruchi told reporters after a meeting Monday with the president. "Upon this I have mentioned to the president we will make more efforts to solve the trade imbalance."

Mr. Sakuruchi, on his first trip to the United States as foreign minister, discussed several issues with U.S. leaders, including a \$18-billion trade deficit from 1981 that has caused renewed demands that Japan open its markets to U.S. products.

Argentines Occupy British Island

United Press International

LONDON — An Argentine government ship put ashore on a British-controlled island in the South Atlantic and a landing party raised the Argentine flag, the British Foreign Office said Monday.

The incident occurred Friday on South Georgia Island, a dependency of the Falkland Islands, which are claimed by Argentina, a spokesman said. He said the British Antarctic survey commander on South Georgia reported that an Argentine party established a camp on the island, which has a population of about 20. It was not known whether the party was still there Monday.

The party landed without clearance from British authorities, the spokesman said. He said London had sought clarification from Argentine officials. In Buenos Aires, a government spokesman promised a detailed Foreign Ministry report on the incident but declined to comment further.

IRA Develops New Radio Firebomb

Reuters

DUBLIN — Irish police said Monday they had seized about 50 firebombs which can be set off by radio, a new device developed by the IRA for use against British forces in Northern Ireland.

The weapons were seized over the weekend in raids by the police on houses in Galway. Three men were held for questioning.

The devices are the same as the firebombs made of explosives packed into cassettes that have been used for years by the IRA in Northern Ireland. The difference is their detonation by radio instead of timers. Several are being sent to Northern Ireland to be examined by British Army experts.

Greece Presents Demands to EEC

Reuters

BRUSSELS — Greece's Socialist government presented demands Monday for a better deal from the European Economic Community, but it made no mention of earlier threats to pull out of the 10-nation organization.

The memorandum, presented at a meeting of Common Market officials, calls for Greece to be allowed to state aid to fledgling industries and protect them from more efficient competitors in other EEC countries. More than 85 percent of Greece's manufacturing companies employ less than five people.

A memorandum also proposed a special deal for Greek farmers. More specific demands are to be presented in coming months. Diplomatic sources said analysis of the benefits of membership had apparently softened the anti-EEC stance of the Socialists since they came to power in elections last year.

Iraqi Protest Over Israel

(Continued from Page 1)

personal bodyguards. The Britons are working here on a private basis but the British government is reported to have given tacit approval to the contract, which began about two months ago.

The Iraqi leadership was impressed by the assassination of President Anwar Sadat of Egypt, diplomats here said. The British protection training is believed to have been arranged as a result of fears sharpened by Sadat's murder in full view of a retinue of bodyguards trained with U.S. help.

Although Iraqi comments indicated general dissatisfaction with U.S. support of Israel, there were no specific references in several conversations with Iraqi officials to the question of U.S. export controls over the equipment. In any case, indignation seems just as high over Syrian support for the Iranians.

In Iraqi eyes, Israeli supplies to Iran fit into a pattern of hostility, symbolized by Israel's bombing of an Iraqi nuclear research reactor in June 1980. Iranian-Israeli cooperation, they recall, included coordination between Mossad, the Israeli intelligence agency, and Savak, the late shah's secret police, and the shah's extensive sales of Iranian oil to Israel.

Glenn Sees Delay of Trip

(Continued from Page 1)

terred Polish labor leader, Lech Walesa.

The embassy's third secretary, Ted Slusarczyk, was at the ceremony, and Walesa's family members "were aware of his presence," an embassy spokesman said.

"We attend a lot of church services, especially when an event of considerable importance is going to occur," the spokesman said.

Write-Off of Debt Seen

WASHINGTON (AP) — Loans to Poland must be written off to a "high degree," Gerhard Stoltenberg, prime minister of the West German state of Schleswig-Holstein, said Monday.

Mr. Stoltenberg is spokesman on economic matters for West Germany's Christian Democratic Party, which moved closer to replacing Chancellor Helmut Schmidt's government on a national basis by a victory in the Lower Saxony state election on Sunday. Mr. Stoltenberg would be in line for an important post in a government led by Christian Democrats.

"I can't see any chance under existing circumstances for the Communist government to pay its debts," Mr. Stoltenberg said. Banks hesitate to admit that the money has been lost because they would be "in a mess" if they had to write off the entire sum on their balance sheets, he said. Debts are estimated at \$27 billion.

Yugoslav Leaves for Africa

United Press International

BELGRADE — President Srgo Krstic of Yugoslavia left by air Monday for talks in Gabon, Nigeria, Guinea and Mali on preparations for the seventh summit conference of nonaligned countries scheduled for September in Iraq.

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The Bishop and the Bomb: A Moral Dilemma for Texans

By William K. Stevens
New York Times Service

AMARILLO, Texas — Last spring a worker at the Pantex plant outside Amarillo, where all U.S. nuclear warheads are assembled, made an appointment to see Bishop Leroy T. Matthiesen of the Amarillo Diocese. The man, who was in his late 50s and had worked at Pantex for 17 years, said he had begun to worry, as a faithful Roman Catholic, that working at the plant might be morally wrong.

Little did the 60-year-old bishop suspect that from this beginning he would be drawn into a maelstrom of contention that would unleash angry passions in this oil and cattle town of 150,000 in the Texas panhandle.

Nor could J.C. Brown, a banker and member of the board of directors of the Amarillo United Way, a clearinghouse for contributions to charitable organizations, have foreseen the moral dilemma that would confront him in trying to help resolve the conflict.

Two weeks ago, United Way voted to withdraw financial support for Catholic Family Service, a social service organization under Bishop Matthiesen's control. At the heart of the decision was the bishop's ardent stand against nuclear weapons, a position gaining adherents around the nation.

Aid to Catholic Agency Cut After Anti-Nuclear Stand

Protestant Patriotic

Amarillo is an overwhelmingly Protestant city of old-fashioned patriotism, and the Pantex plant, with 2,400 workers, is a cornerstone of the local economy. So the United Way leaders, threatened with what they believed to be a huge and potentially crippling withdrawal of pledges by angered contributors, cut off this year's \$61,000 grant to the agency.

To those on the bishop's side, it is a clear case of economic bullying. Some on the other side say that, while the bishop was entitled to his opinions, he is now paying the price for unapologetic, if not subversive, behavior. United Way has been caught in the middle.

The bishop sees effective control of nuclear weapons as the central issue of this age. Yet in Amarillo, he said, "it's not really permissible to raise questions about the role of Pantex and the nuclear arms race."

In recent years United Ways nationwide have generally been criticized as playing it safe by

shunning controversial organizations. Mr. Brown, who headed a committee appointed by the Amarillo United Way board to recommend what to do in the case of the bishop and the bomb, said this was a question of choosing between two unattractive courses: Either United Way would cut off its grant to Catholic Family Service, or contributors estimated at \$200,000 to \$300,000 would be withdrawn. That would penalize other agencies.

Bishop Matthiesen is no leftist radical. He advised the Pantex worker last year to stay on the job, since he was nearing retirement and had many dependents. But the man's concern, the bishop said, opened his eyes to the dangers posed by the nuclear arms race.

Neutron Bomb Production

Last August the Reagan administration said it would go ahead with production of the neutron bomb, which would be assembled at Pantex. With that, Bishop Matthiesen joined those favoring a global freeze in the production of nuclear weapons.

But he went further. In a public statement, he called on Pantex workers to search their consciences and consider quitting.

Over the next months, he was accused of treason in letters to The Amarillo Globe-News. He was invited to accept a one-way ticket to the Communist country of his choice.

The issue came to a climax after the bishop received a grant of \$10,000 last month from the Oblates of Mary Immaculate, a Catholic order, to be used to offer job counseling and temporary financial aid to Pantex workers who quit. The bishop says about six have done so.

Job Counseling

He assigned the \$10,000 to Catholic Family Service, which was to do the counseling and disburse the aid. The public outcry was renewed. About 10 percent of the 1,400 Pantex workers who had been having United Way contributions deducted from their paychecks canceled their donations. Mr. Brown's committee was formed.

The United Way leaders asked the bishop if he would withdraw the \$10,000 from the agency. He agreed, but then they asked that the agency refrain from offering job counseling to Pantex workers. This the agency refused to do, as it had always provided this service to anyone in the community.

So, on March 11, the United Way board voted unanimously to cut off the money, effective April 1. The money partly supported services that deal with child abuse, troubled youths and unwed mothers. None went for job counseling. But Mr. Brown said he thought such distinctions were lost on angry contributors.

Steve Schroeder, 27, a counselor employed by Catholic Family Service and a longtime resident of Amarillo, said: "I think a lot of Amarillo people have some pretty serious unresolved questions about what they're doing or what their friends and relatives are doing at Pantex, and they don't want to face those questions. It's painful. It involves their livelihood."

A second reason for the outcry, he said, might be that "we live in a very conservative place, and that's an understatement. There's a tendency here for people to believe that national security means building more weapons. If someone questions this, it's threatening."

Catholic Family Service, whose budget this year is \$826,000, plans to make up the money through fund raising, its leaders say. But the sourness lingers. "It's unfortunate that it happened," Mr. Brown said. "Essentially, it was a question of trying to balance two goods against each other."



"When I own something so beautiful", she remarked, "I want the world to see it".



Audemars Piguet

Reagan Is Said to Approve Modernization of Warheads

By Judith Miller
New York Times Service

WASHINGTON — President Reagan has endorsed a plan that calls for production during the next five years of about 380 more nuclear warheads than the level planned by the Carter administration in its last year in office, according to administration and congressional officials.

Officials said that although the increase over the Carter plan was rather small, there would still be a sharp surge in the rate of production of nuclear warheads — the largest in 20 years — mostly to replace aging weapons.

In addition, sources familiar with the administration's plans said that although Mr. Reagan's total production numbers were similar to those endorsed by President Jimmy Carter in a memorandum signed in October, 1980, the composition of the weapons stockpile was very different.

It is generally believed that the U.S. stockpile of nuclear warheads for both strategic and tactical weapons totals about 25,000.

The exact number of new warheads to be produced is one of the

government's more tightly held secrets. But private military analysts, using the projected weapons plans of the Defense Department, have estimated that 17,000 warheads would have to be produced during the next five to eight years to arm the new weapons sought by the Carter and Reagan administrations.

These new weapons include the MX intercontinental missile, a new submarine-launched Trident missile and hundreds of Cruise missiles. One government official described the estimate of 17,000 warheads as "within the ballpark."

Planning Document

Although thousands of new warheads are scheduled to be produced, there would be no significant increase in the overall size of the nuclear arsenal. Many of the existing warheads would be dismantled as obsolete and their nuclear materials used to produce new warheads.

The relatively insignificant numerical change from the Carter to Reagan plans for increases in nuclear weapons, officials said, was due to the scheduled retirement of thousands of weapons. The accel-

erated retirements and production increases will result in an almost complete turnover in the weapons stockpile during the next decade, they added.

On March 5, according to a White House aide, Mr. Reagan made these and other decisions when he signed a planning document outlining a warhead production schedule for the next five years and projecting weapons and materials required for the next 15 years.

The new planning document signed by Mr. Reagan authorized a large increase in plutonium and tritium, which is needed for neutron bombs and an anti-ballistic missile system, should it be developed.

Congressional and administration military specialists familiar with the planning document said Mr. Reagan's plan called for an increase in long-range, or strategic, systems over that contemplated by Mr. Carter and a decrease in the proportion of short-range, or tactical, weapons in the inventory.

Several thousand tactical weapons are old and scheduled to be removed from the arms arsenal during the next five to eight years

without being replaced. Among those are such tactical weapons as nuclear demolition mines, which were manufactured in the 1950s; Honest John short-range surface-to-surface missiles, and probably Nike-Hercules surface-to-air missiles, according to Defense Department and congressional officials.

Mr. Reagan's plan, like Mr. Carter's, calls for an increase in the number of strategic systems, but again, "the mix is very different," an administration official said. Mr.

Carter, for example, intended to deploy 200 MX missiles, whereas the administration's program provides for 100 during the next five years.

Even with the plans to use plutonium from older weapons, plutonium stocks will have to be increased, officials said. Many weapons scheduled for retirement contain highly enriched uranium, not plutonium. And modern weapons use more plutonium than their older counterparts.

U.S. Unions Taking Heed As Jobs, Factories Move to Other Countries

By William Serrin
New York Times Service

NEW YORK — As contract talks between the United Auto Workers and General Motors Corp. and the Ford Motor Co. have demonstrated, U.S. labor unions have hit difficult times — and the recession is not the only cause. For the unions, there was another, possibly further-reaching factor implicit in the negotiations: the internationalization of work and the movement of jobs to other countries.

In some older manufacturing industries, that movement has been going on for a long time. The International Ladies' Garment Workers Union, for example, says that its membership has fallen by about a third since the late 1960s, and that much of this decline can be linked to the export of cutting and sewing jobs.

With the introduction of new technologies, the export of work is increasingly affecting the most sophisticated sectors, which are looked to as the foundation of U.S. economic health as the nation moves away from a manufacturing base.

For example, information, one of the most important products, can be reduced to digital form, transferred out of the country by satellite, processed by workers at reduced wage rates, then beamed back to the United States — which means that data processing, newsprint printing and many kinds of service work can be performed in other countries.

Strike-Breaking Device
"It's really in the services that we may have a major threat in addition to the things we have encountered in manufacturing," said Dennis Chamot, assistant director of the professional employee department of the American Federation of Labor and Congress of Industrial Organizations.

Aside from lost jobs, such portability of work can become, in effect, a strike-breaking device. "The greatest threat in the hands of capital when capital sits across the able from labor is its mobility," said the leftist writer and economic observer Michael Harrington. He

ooted for instance that when unions began making inroads in Puerto Rico after companies had moved there, the companies simply moved to other countries.

At talks between the autoworkers and GM, Roger B. Smith, the company chairman, was candid about GM's intention to reduce labor costs either by going to low-wage companies in the United States or to other countries. Officials of Ford, which has concluded an agreement with the UAW to reduce labor costs, also made it clear that, unless they received concessions, perhaps 10,000 to 20,000 jobs would be sent abroad.

Harley Shaiken, a work and technology specialist at the Massachusetts Institute of Technology, said the power to centralize management and decentralize production is "a powerful lever to undermine wages and working conditions."

Mr. Shaiken believes such work transfers will increase in the years ahead. A U.S. Transportation Department study says, for example, that within a few years more than 2.5 million automobile engines a year will be imported into the United States by U.S. companies.

Moreover, Mr. Shaiken said, the countries to which U.S. companies are exporting work are increasing by turning to advanced technologies as they try to lower their own labor costs and raise manufacturing.

Seoul Arrests Thousands After Fire at U.S. Facility

SEOUL — Police hunting anti-American dissidents who allegedly set fire to a U.S. Information Office have arrested more than 16,000 people in the four days since the incident, a government spokesman said Monday.

Police aided by troops made sweeps through hotels, night spots, some private houses and the streets in Seoul on four occasions. Most of those arrested have been released. The fire Thursday at the U.S. information office in Pusan killed a Korean student and injured several people. Hundreds of leaflets denouncing the government and its ties with the United States were found near the scene.

ing skills — which could mean a vastly improved ability to perform tasks once done in the United States and other industrialized countries.

If U.S. unions have not found an effective means of dealing with capital's mobility, that is partly because of the difficulty of forging labor alliances across national lines.

Some fragile alliances have been established. There are 16 international labor secretariats. The International Metalworkers' Federation, one of the most important, pledges to use strikes and boycotts to stop the transfer of production from struck plants in one country to plants in others. Essentially, however, the organization, like other secretariats, has functioned as a coordinating and research body.

In November, the AFL-CIO voted to rejoin the International Confederation of Free Trade Unions, from which it withdrew in 1969 when George Meany, then AFL-CIO president, said the group had shown more cooperation with Communist nations than with Western democracies. The reconciliation was largely the work of Lane Kirkland, the current federation president, who is convinced that better relations must be forged by world labor organizations.

"A few years ago what happened to a Mexican worker may have been of moral concern to an auto worker in Detroit," Mr. Shaiken said. "Today the global factory means the fate of a Mexican worker will in large part also determine what happens to a worker in Detroit. It's not just a moral concern any longer. The global factory mandates that unions have closer contact and communications."

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A Round for Civilization

No one can say what political sunspots affect the climate for terrorism, but for the moment it has turned inclement. The news is of failed kidnappings, foiled hijackings and multiple arrests as defectors betray comrades. For a change, the terrorists are in angry disarray, not the democratic governments they would demoralize and destroy.

In Britain, 15 IRA guerrillas were rounded up the other day after the defection of a high-ranking leader. The arrests follow the seizure of IRA arms dumps and bomb factories at six locations and the capture of about 100 suspected guerrillas, and the arrest of five alleged IRA gunrunners by U.S. authorities as they tried to cross the border from Canada.

In Italy, penitent ex-members of the Red Brigades have testified in the case of the kidnapping of Brig. Gen. James Dozier. They include the young Italian who masterminded the abduction. By breaking the code of si-

lence, the defectors shatter the myth of the Red Brigades' invincible discipline.

Although there are exceptions, such as the continuing slaughter of Turkish officials by Armenian gunmen, terrorism in Spain, France and West Germany appears to have ebbed. Thwarted hijackings now seem more common than successful ones. Besides disciplined police work and better security measures, all this surely reflects a shift in popular attitudes. It is no longer fashionable to idealize and indulge violence-prone radicals.

Democracies have not been goaded into tearing up their laws to unravel the terror network. Charges of police torture, as in Italy and Northern Ireland, have been the focus for aroused debate and inquiry. For the most part, the forces of civilization are managing to keep savagery at bay without succumbing to it themselves. That is a point to celebrate.

THE NEW YORK TIMES

Time to Build on SALT-2

As spring arrives, the talk is of freeze. Leonid Brezhnev proposes a nuclear freeze for all Europe. Senators Kennedy and Hatfield, leading 150 members of Congress, would have the freeze cover the world. They are all responding to the millions of people in Europe and the United States who wonder why the competition to build nuclear arms, threatening life everywhere, cannot simply stop. The freeze is a simplistic diplomatic formula to rally or appease that sentiment. But it is neither simple nor innocent.

The Soviet freeze is cleverly designed to manipulate opinion in West Germany. Chancellor Schmidt's critics on the left hope to commit his Social Democratic party next month to a one-sided nuclear arms "moratorium." It would let stand the Soviet missiles aimed at Western Europe but suspend the plan to deploy comparable American weapons in Europe for as long as negotiations to limit them can be made to drag on in Geneva. This would freeze a 300-to-0 Soviet advantage in modern medium-range missiles.

The Kennedy-Hatfield plan is more sophisticated but no less flawed. It calls for two stages of negotiation. The first would look toward a verifiable halt to the testing, producing and deploying of all nuclear weapons. Special emphasis would be given to the "destabilizing" category of weapons, presumably the big multi-warhead Soviet missiles that might take out American land missiles in a first strike. The second stage of talks would aim for verifiable reductions of arsenals.

The main trouble with this approach is the fear for the vulnerability of American land-based missiles. A freeze would perpetuate the vulnerability by preventing deployment of more secure weapons. There is also no way to verify a ban on missile production without the intrusive on-site inspection that Moscow has always rejected. Nor is there any known way to locate concealed stocks of warheads;

that is why two decades of negotiations have focused on limiting delivery vehicles.

The proper antidote to an unworkable freeze is the completed but ignored SALT-2 treaty, which the Reagan administration foolishly dismissed as "fatally flawed." It would require the Russians to dismantle 10 percent of their intercontinental missiles and bombers, to a total of 2,250, yet permit a U.S. increase to that number—including everything the administration proposes to build. A freeze would leave America with at least 20 percent fewer deployed delivery systems than the Soviet Union.

A freeze would also prevent modernization of U.S. weapons. It would deprive the Russians of only one new long-range missile, while blocking nine new U.S. delivery systems permitted by SALT. It is doubtful America really needs them all. But a freeze would throw away an already negotiated, verifiable and more favorable limit.

Why do so many prominent Americans agitate for a freeze instead of the treaty? Because the Reagan administration has failed to demonstrate that it will arm wisely and negotiate effectively. It is being subjected to public pressures that it brought on itself. Reagan had hoped to delay arms control talks until he could alter the military balance and threaten the Soviet Union with the costs of unrestrained competition. But this delay is backfiring. Economic difficulties are eroding the American consensus for defense spending. Discord among the allies and political pressures on them are growing.

By ignoring instead of building on SALT-2, and still contending that arms control should be "linked" to other issues, the administration has made the classic mistake of allowing negotiation itself to appear as a concession. The longer it waits, the more the Kremlin will expect to gain—in the streets.

THE NEW YORK TIMES

Jobs or Wages in Idaho?

Which should come first among a labor union's priorities—jobs or wages? A majority of workers at a mining and smelting plant in Kellogg, Idaho, thought that saving their jobs was more important. They voted to accept a 25-percent cut in pay and other benefit reductions demanded by a group of investors as the condition for reopening the recently closed plant. When steelworkers' union leaders failed to ratify the agreement and the jobs vanished, many of the workers felt betrayed.

The anger of the laid-off workers is easy to understand. But so is the position of the union leaders. The investors offered a no-negotiation deal with a one-week deadline for acceptance. The local union members' vote to accept the proposal caught union leaders by surprise on the eve of the offer's expiration. It would not be surprising if national union leaders were loath to accept a stiff take-it-or-leave-it deal that might have set a precedent for major steelworkers' negotiations elsewhere in progress.

One of the major reasons why nationwide unions were formed, after all, was to protect workers in one-industry towns like Kellogg from being browbeaten by local employers into accepting bad deals. In the decades of prosperity after World War II, strong unions were able to deliver a steadily rising standard of living to their members by focusing on wages and benefits first and employment re-

percussions second, if at all. Concessions were sometimes agreed to when plant closings were at risk, but these were usually minor and confined to special situations—and frequently, as union leaders remember, the plants closed anyway.

When an industry is thriving, propping up marginal producers is no more in the long-run interest of labor than of management. But now, with many basic industries under severe stress, both labor and management need to reassess their positions. In the last few months, major unions have agreed to "give-backs" of wages and benefits affecting hundreds of thousands of workers. An important feature of most of these deals, however, was a recognition by management that concessions—including more participation for workers in management decisions—were called for on their side of the table as well.

Reviving America's industrial strength will take more than bringing the compensation of over-favored workers back into line with the prevailing norms in international industry. Improving productivity may depend far more on better management than on speeding up or streamlining current methods of operation. In addition, better management may require abandoning, or at least modifying, the adversarial tradition in America's labor-management relations.

THE WASHINGTON POST

Other Opinion

Ayatollahs for Palestine?

Palestinian resistance has begun to take a new form, which may complicate matters as much for the Palestine Liberation Organization as it does for Israel. A fundamentalist movement from the east is not interested in the secular Palestine of the PLO's ambitions but only in the rebirth of Islam within the old mandate confines.

The West has taken the Palestinian argument about the destruction of their homeland, the replacement of their citrus groves by the ugly prefabs and concrete citadels of the Israeli settlements. Will the West be just as sympathetic when the opposition to Israel is in the hands of budding ayatollahs?

—From The Guardian (London).

March 23: From Our Pages of 75 and 50 Years Ago

1907: Battle in Central America

MANAGUA — The forces of Honduras and Salvador, numbering between 5,000 and 10,000, attacked the Nicaraguan positions at Managua, but after three days and two nights of furious fighting, the allied troops were completely defeated, leaving hundreds of dead and wounded on the field. Many prisoners were taken and also 2,000 rifles and other war material. Many Nicaraguans were wounded or killed. In Havana, talk of war grows every day. Negro leaders threaten it if their every demand is not granted, and Conservatives believe it will come the moment the United States stops yielding to the demands of the turbulent element of the Liberal party.

1932: Disarmament Talks Mocked

PARIS — The world disarmament parley at Geneva has reached the "dead low-water" stage of postwar conferences, declared Frank H. Simonds, American publicist. The conference delegates, he said, will end either by adopting some meaningless formula to provide all present with a collective alibi, or by fixing the blame for failure upon other countries. "The disarmament conferences set out to leash the dogs of war, but all that is now possible is to ban the bays of war," he declared, adding that an international conference is a place where statesmen who do not know what to do at home hope to dodge responsibility by meeting abroad.

Official Terror Is the Latin Custom

By Charles Maechling Jr.

NEW YORK — In the space of two years, nearly 25,000 people have been killed in El Salvador — not in combat or caught in cross fire, but tortured, mutilated and butchered in cold blood. Every night, men and women are dragged from their homes by armed men; every morning, their mutilated corpses turn up in roadside ditches and garbage dumps. In the last 60 days, 400 to 800 villagers have been massacred.

In Guatemala, whole villages of Indians and a wide spectrum of journalists, teachers, social workers, students and doctors have been killed in political violence.

Who is killing the people of Central America, and why?

All reputable sources with firsthand knowledge — the Roman Catholic Church, the Red Cross, the UN High Commissioner for Refugees, the Organization of American States' Human Rights Commission, Amnesty International, former U.S. ambassadors — tell the same story: A small number of people are certainly being killed by the rebels. But guerrillas have no vehicles, and the bodies turn up either after motorized "sweeps" by the security forces or after visits by masked men in vehicles who circulate freely through roadblocks and shoot-first curfews.

These atrocities are not just a tragic by-product of civil war. Nor are they accidental. Not understood by the public in the United States, and concealed by the Reagan admin-

The brutality of military culture in the former Spanish colonies is almost inconceivable by Anglo-Saxon standards.

cold blood. So were the Indian population of Argentina and most of that country's recent "disappearances," the 300,000 victims of the 1948-61 violence in Colombia; the 1 million dead of the Mexican Revolution of 1910-28; the countless victims of tyrants like Porfirio Diaz of Mexico, Juan Vicente Gomez of Venezuela, Rafael Trujillo of the Dominican Republic and Nicaragua's Somoza.

As for the rebels who surrender, one looks in vain for prisoner-of-war camps. Most are shot on the spot.

The brutality of military culture in the former Spanish colonies is almost inconceivable by Anglo-Saxon standards, and shows up at its worst in El Salvador and Guatemala. Latin America's military academies turn out few gentlemen-officers. Great emphasis is placed on ceremony and punctilio, but discipline is both slack and cruel, and humaneness is regarded as weakness. High rank is often a license for racketeering — witness the drug-dealing generals of Bolivia.

In their endless quest for "stability" south of the border, U.S. administrations repeatedly turn a blind eye to the rapacity and cruelty of the Latin American military.

Not until 1961, however, was there direct complicity (as opposed to occasional direct interventions) by the U.S. government in aiding domestic repression in Latin America. In that year, under pressure from the Pentagon, the Latin American military role was changed from "hemispheric defense" to "internal security." U.S. assistance programs were retooled to strengthen the hold of the local military forces over their own people.

For 20 years, the Pentagon has lavished training and equipment on the Latin American military, both at bases in the United States and at the U.S. Army School of the Americas in the former Panama Canal Zone. Under guise of "civic action" programs, Latin American officers have been encouraged to muddle in government and civilian affairs.

There has been little screening to weed out the drug racketeers and war criminals, and no indoctrination in civilized standards of warfare. Senior officers indistinguishable from the war criminals hanged at Nuremberg after World War II have passed through the Inter-American Defense College in Washington. Neither in training programs nor thereafter does the Pentagon insist on compliance with the Geneva conventions regarding humane treatment of prisoners and noncombatants. Equipment is given without strings.

For the United States, which led the crusade against Nazi evil, to support the methods of Heinrich Himmler's extermination squads is an outrage. U.S. support is also counterproductive. Unless mass killing

Unless mass killing stops, the tide of violence will inundate the whole of Central America.

Continued U.S. support of Mafia-like oligarchies and their minor gunmen, intensifying the increasingly vocal masses of Latin America. Not another cartridge or spare part should go to Central American military regimes until the atrocities stop.

The United States should encourage others to take the road of democratic Costa Rica, the only heretofore stable country in Central America, to dismantle predatory military establishments and replace them with efficient gendarmes under strict civilian control.

The writer directed counter-insurgency and internal defense planning for Presidents John F. Kennedy and Lyndon B. Johnson while in the State Department from 1961 to 1966. Now a resident associate of the Carnegie Endowment for International Peace, he contributed this column to the Los Angeles Times.

Middle East Peace: Israeli Opinion Matters

By Yossi Sarid

The writer is a member of the Labor Party opposition in the Knesset.

JERUSALEM — The Reagan administration has an outstanding talent for dealing with Israel incorrectly. Each time the administration wishes to encourage Israel along the path of peace negotiations, it succeeds in slowing down the pace and even reversing the process. This mistaken approach has been characteristic of most U.S. administrations, but it is especially dangerous today.

Reviewing past errors, one can see a general formula. Any American initiative that comes up against overall Israeli opposition — "hawks" and "doves" together, government and opposition — is necessarily mistaken and doomed to failure. For example, whenever Washington has suspended weapons shipments to Israel — supplies guaranteed by signed agreements

— there has been a united outcry among Israelis. Such a suspension can only boomerang.

Similarly, an announcement of plans to supply advanced and sophisticated weapons to a confrontational Arab state will inevitably run headlong into the opposition of all Israelis — all equally anxious about the defense of their state.

Secretary of Defense Caspar W. Weinberger knows, perhaps, what America's needs in the region are, but he has no idea at all of the Israeli character, and consequently pushes us further and further into a corner. Someone in a corner is rarely in a mood to make concessions necessary to prevent peace

negotiations from foundering. And the Reagan administration's errors are especially grave because U.S. initiatives are necessary to encourage the peace process.

Israelis and Arabs are similar to prisoners who cannot by themselves get out of jail. Without a wise and carefully considered U.S. initiative, each side will continue to sit in the prison of its viewpoints and obligations, unable to loosen its shackles. But when an initiative is not wise and not considered, then, in the long run, it will boomerang, increasing hostility and belligerence. Not only do the prison walls fail to crumble, they are fortified.

In order for a U.S. initiative to have some chance of success, it must be acceptable to at least some Israelis; the Israeli partners for an American initiative need not be a majority of the people. A minority faction convinced of the effectiveness of an American policy will often fight public opinion with all its strength to convince other Israelis of the policy's advantages.

That is exactly what happened in the long negotiations that led to peace with Egypt. Israeli public opinion, often dangerously cool, skeptical of any agreement was possible. But the "Peace Now" movement — a small, moderate group led by junior officers from the Israeli reserve forces, which advocated immediate peace even if this meant making considerable concessions — succeeded in keeping the peace process alive.

The movement did not have a Knesset majority or a large following, but its argument that Israel must not miss the historic opportunity to make peace convinced most of the population. If the "Peace Now" movement had not arisen as an active, loyal partner to the Egyptian-U.S. initiative, it is doubtful whether the Camp David accord and the peace agreement would have been signed.

Before Washington comes up with an initiative, it must be certain that it will have partners in Israel — partners who see the proposed plan as a useful catalyst and a "sure starter."

The administration will fail if it recognizes only the Palestine Liberation Organization. But if it encourages the peace process by urging both sides — Israel and the PLO — toward mutual and simultaneous recognition of the right to self-determination, it will find in Israel a fair number of partners.

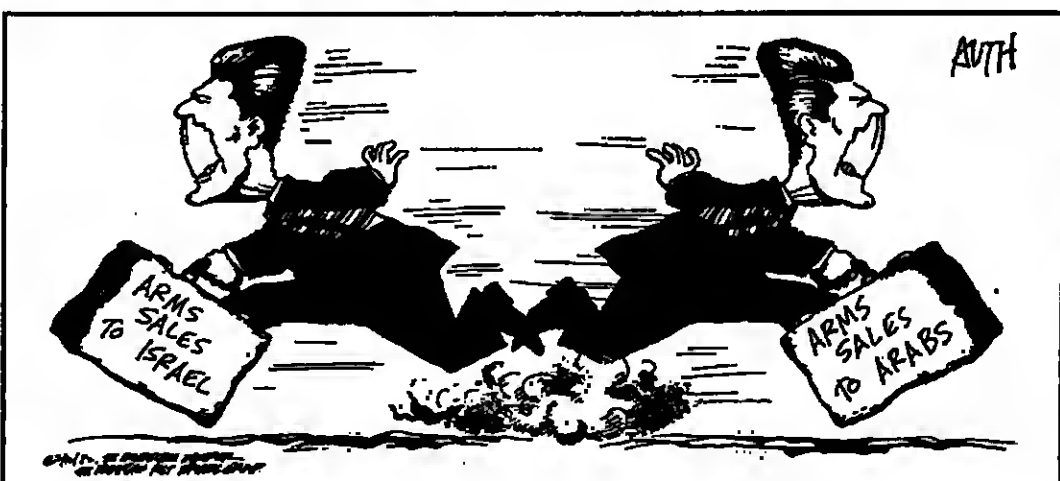
Without a solution to the Palestinian problem, there will be no stable peace in the region. Without a stable peace, even the separate peace treaty with Egypt will be very fragile. If the desire is to save the peace with Egypt, we must prepare to negotiate a solution to the Palestinian problem.

It is unlikely that such negotiations would be possible without PLO participation, and the only basis for negotiations with the PLO is mutual recognition: The Arab Palestinian nation must recognize the right to self-determination of the Jewish nation in Zion, and the Jewish nation must recognize the Arab Palestinian nation's right to self-determination.

The Reagan administration has begun now to encourage such mutual recognition, laying the foundations for peace. Such foundations will not be built on anti-Israeli declarations, nor by arms deals with confrontational states in the region. Nor by sanctions against Israel and reproofs every other day. None of these actions will acquire partners in Israel. They can bring only misunderstanding and increased intransigence.

An American initiative that establishes a reciprocal right to self-determination for both nations — the Jewish and the Palestinian — will acquire partners. Only such an initiative is likely to succeed.

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So Does International Support

By Philip Geyelin

WASHINGTON — At least two cheers are in order as the first European peacekeeping contingents set up camp in the Sinai Desert this week. The third, and loudest, cheer must be reserved for April 25, when the Israelis complete their Sinai withdrawal and the Israeli-Egyptian peace finally comes into full force.

The French, Italian, Dutch and British units will be only a part of the Multinational Force and Observers (MFO) painstakingly recruited by the United States last year, the four European candidates weighed their oil and commercial interests in the Arab world, and hedged their agreement to participate. By way of spreading the risk and strengthening their political base, they insisted on first getting a go-ahead from all of the Common Market's 10 members.

Their notion of a proper resolution of the Arab-Israeli dispute is markedly sympathetic to the Arab side — and an anathema to Israel. As expressed in the Venice Declaration of the Ten in June, 1980, it dwells heavily on the "rights" of the Palestinian people, promises them "self-determination" and insists that the Palestine Liberation Organization be "associated" with negotiations on a settlement.

The upshot of the Common Market deliberations was agreement on careful wording of a letter that the French, British, Italians and Dutch would deliver to the Israeli and Egyptian governments. The effect was to link their participation in the MFO to the terms of the Venice Declaration.

But even that was not good enough for the jittery British. "They wanted a way out," says one allied diplomat closely involved. To that end, the British reportedly gave the State Department a particularly hairy account of Saudi threats of reprisals — one that did not match what the Saudis were conveying to Al Haig. This was the "duplicity" that Haig was hanging on Lord Carrington's worst offense in

the eyes of Haig and some of the European partners. As chairman of the Ten, it was left to him to advise America of the terms of the letter of acceptance of the four European countries. Subsequent events suggest that whatever sense of it he conveyed was inadequate.

So it was that on Nov. 9 last year, just one day before the letter was to be delivered, Haig first saw a copy, courtesy of the ever-resourceful Israelis. The Israelis were outraged: It was an "unacceptable" departure from Camp David; they would exercise their right to veto European participation. As for Haig, "he was livid" (says a European in a position to know). It took a flurry of florid phone calls to put the letter on hold.

On Dec. 4, after three-cornered remedial diplomacy, a masterpiece of papering-over produced a joint U.S.-Israeli statement reaffirming Camp David. It took pointed notes from the four European participants that "they have attached no political conditions, linked to Venice or otherwise."

Success? Yes, but also a reminder of the deeply divergent forces at work against even such an upbeat a piece of Mideast peacekeeping as the policing of the Sinai Desert against renewed hostilities.

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U.S. Details Charges Of Wide Soviet Use Of Chemical Warfare

WASHINGTON — The State Department said Monday that a detailed investigation has led to the "inescapable conclusion" that the Soviet Union has used chemical warfare agents in South Asia and Afghanistan on a wide scale.

"There is no evidence to support any alternative explanation," the department said in a summary report to Congress.

On Friday, in an earlier report to Congress, the administration stressed the need for the United States to build its chemical warfare capability because Soviet forces are now the world's "best prepared and best equipped" to fight in such a conflict.

Richard R. Burt, director of the department's politico-military affairs, said Monday that "it is absolutely no connection" between the U.S. charges and the administration's effort to win congressional approval of increased spending for chemical weapons. "Our primary desire is to raise this issue higher on the international agenda," he said.

Accusations by Haig

Based on interviews, chemical analyses, autopsies and a study of Soviet military manuals, the State Department report said attacks with Soviet-made chemical weapons have claimed thousands of lives.

The findings follow the lines of charges made in September by Secretary of State Alexander M. Haig Jr., who said mycotoxins, poisonous chemical substances produced biologically, were being used in Laos and Cambodia by the Russians.

Mr. Haig also said the Russians commonly use other kinds of chemical weapons, including nerve gases, in Afghanistan.

Since Mr. Haig made the charges, the State Department has been under pressure to produce hard evidence to support them. The findings released Monday were intended to bolster the administration's position.

On Sunday, Vice President Bush, speaking at an Afghan reception, said that the Russians "have opened Pandora's box of modern warfare. They've used chemicals — nerve agents, phosgene oxime, perhaps mycotoxins, and others. Over 3,000 deaths alone have been attributed to these."

A group of UN officials who investigated the U.S. charges said last month they could neither verify nor refute those involving Afghanistan.

Monday's State Department report was based on statements of victims, witnesses and several defectors who took part in chemical warfare, analysis of samples such

as leaves with yellow rain and "intelligence from national means."

Although the report listed a specific number of deaths, 10,527, it said the figure could be higher.

In Laos, more than 6,310 people have died from chemical warfare attacks, the department summary said. The death toll given for Cambodia was 981, but was described as "a minimum figure."

The summary said there were 3,042 victims in Afghanistan, but said the figure excluded many incidents where firm information was not available.

The report cites intelligence reports of Soviet personnel moving poisonous chemicals in bulk to various theaters of war. In at least one case, where a ship sunk in Vietnam, there were widespread injuries to divers that would be consistent with chemical weapons, it said.

Report of French Doctors

LONDON (AP) — French doctors, operating relief missions in parts of Afghanistan held by anti-government rebels, report that Soviet-backed troops increasingly are attacking civilians and may be using chemical weapons. The Times of London reported Monday.

"The Russians have been conducting a reign of terror," The Times quoted Dr. Claude Malhuret, director of the relief group *Médecins sans Frontières* (Doctors Without Borders), as saying.

The newspaper said Dr. Malhuret's group, along with two other French groups, *Aide Médicale Internationale* (Medical Aid International) and *Médecins du Monde* (Doctors of the World), have protested "what they consider to be atrocities against the civilian population by the Soviet occupation forces" in Afghanistan.

The doctors, about 25 men and women running clinics in eight Afghan provinces, also reported that three French-run hospitals were attacked in November by Soviet fighters and helicopters. The Times said it said in each case, patients and staff only narrowly escaped injury.

As to charges that government forces in Afghanistan have used chemical weapons, the paper said the French doctors have not seen any direct evidence.

But it added that the doctors "have heard numerous reports from Afghans that point to its use. Some victims, they said, bore traces such as blackened skin, blisters and other symptoms that seemed to suggest chemical attacks. In one case, the doctors examined a male victim with body burns which they said could have come from napalm or a similar chemical."

3,000 Reportedly Flee Attacks in Cambodia

BANGKOK — About 3,000 Cambodian refugees have fled to Thailand in the past week to escape Vietnamese attacks, Thai military sources said Monday, and the Khmer Rouge radio reported that Vietnamese forces have stepped up their use of chemical warfare.

A spokesman for the Thai military command said Monday that Vietnamese troops, who last week seized a key stronghold of the anti-Communist resistance, are continuing their sweeps against Cambodian forces in southwestern Cambodia.

The Cambodian refugees, mostly women and children, began crossing the border after Vietnamese artillery and infantry attacks began on the four villages of the Sokh Sann stronghold area last Tuesday, the Thai military sources said.

The Vietnamese began a dry season offensive in mid-January. About 200,000 Vietnamese troops have been based in Cambodia since they helped topple the Khmer Rouge government in January, 1979.

Thai Lt. Gen. Som Katapan said that between 1,500 to 2,000 Vietnamese troops, backed by artillery and tanks, were trying to root out resistance around Sokh Sann, which was held by the anti-Communist Khmer People's National Liberation Front. That group is regarded as the strongest of several anti-Communist organizations fighting the Vietnamese-backed regime in Phnom Penh.

Western diplomatic sources said Hanoi's troops overran two of the four villages in the rugged Sokh Sann area and the others were apparently abandoned under pressure.

The Khmer Rouge radio said

the Vietnamese have stepped up their use of chemical warfare, especially in western Cambodia.

The Khmer Rouge's radio contended that in one area alone — along Highway 10 to the Pailin region — more than 500 Cambodians were affected by a toxic chemical attack in early March and that 364 of them remain hospitalized. The report could not be confirmed.

The broadcast, monitored in Bangkok, said Vietnamese forces were dropping poisonous substances from aircraft and putting toxic powders into streams, canals and wells.

Communist Congress to Open

BANGKOK (UPI) — Vietnam's Communists will open their Fifth Party Congress this week and a major upheaval within the leadership of Communist Indochina is likely, Western observers say.

Almost certain to be removed from the government is long-serving Premier Pham Van Dong, 76. Mr. Dong tried to quit last year. His influence is unquestioned but he is ailing, one Western diplomat said.

The real problem before the Congress, which opens Saturday, is who will lead the party. Le Duan, 73, has been secretary-general for over a decade, but reports from Hanoi indicate that most of the Vietnamese Communist Party's 1.5 million members are tired of the "old guard."

To Hum, 62, the lowest ranking of the 15 Politburo members, has been touted as Mr. Dong's successor. But, according to recent arrivals from Vietnam, Le Duc Tho, 72, has become increasingly popular as a spokesman for technocrats.

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Workers put up a sign at a Christian Democrat rally in San Salvador as the pace of campaigning for Sunday's election increased. The sign says "Enough. We will win over violence."

Foreign Observers Set To Check Salvador Vote

By Warren Hoge

SAN SALVADOR — There is to be a foreign invasion of El Salvador this week, one that most Salvadorans themselves are welcoming. More than 100 foreign observers will be arriving to monitor the final days of campaigning and Sunday's elections.

The Salvadoran government and its principal backer, the United States, are hoping they will observe the cleanest balloting in this nation's history. Voters will be choosing members of a 60-member assembly that will name an interim president and write a new constitution.

Who are the observers? What will they see — perhaps more important, what will they not see?

They are a varied group. The president of Queen's College, Cambridge, has been invited and so have some Latin American movie stars. Sen. Nancy Kassebaum, Republican of Kansas, leads the seven-member U.S. delegation. Many independent organizations such as the AFL-CIO, the American labor organization, and Freedom House, a nonprofit U.S. group established to strengthen free institutions around the world, are sending delegations.

Members of an earlier invasion force, the international press corps, will bring the total number of foreigners watching El Salvador's electoral process to more than 300.

Of the more than 60 nations asked to send observers, only 20 accepted, and some of them have asked El Salvador not to disclose their acceptance. Among those who openly agreed are Argentina, Chile and Uruguay, all hostile to elections in their own countries. One of the largest delegations is coming from Guatemala, whose presidential voting two weeks ago was marred by charges of fraud. There will also be groups from Honduras and other regional democracies such as Costa Rica, Colombia and Venezuela.

Expenses Paid

The government has agreed to pay travel and living expenses for two observers per country.

There is no prescribed method for observing. "We expect some of them to spend their whole time at the polls," said a diplomat.

He was not talking about Richard M. Scammon, a member of the U.S. delegation who has observed more than 40 foreign elections and hundreds of contests in the United States. He is probably the world's best-known authority on elections. His recipe for good observing is to "marinate yourself in the law and practice of it." With his fellow election expert and delegation member, Howard Penniman, he has visited El Salvador twice in the past four months. The other Americans are the Rev. Theodore Hes-

burgh, president of Notre Dame University; Clark Kerr, president emeritus of the University of California at Berkeley; Rep. Robert L. Livingston, Republican of Louisiana; and Everett Briggs, deputy assistant secretary of state.

Mr. Scammon said the observers would visit the central election headquarters and polling places in the field. "You just don't go to the board of elections," he said.

Some of the things they will be looking for are whether the precinct uses a ultraviolet light machine to detect markings on fingers, a system designed to prevent people from voting more than once, and whether anyone follows a voter into the booth or sees the completed ballot.

"We'll also want to look outside and make sure there isn't someone out there saying, 'Aha, Rosa González, you should have stayed home today, we'll remember you,'" Mr. Scammon said in a telephone interview from Washington.

He said he believed the observer system provided good insurance against the theft of an election, but conceded, "We have no way of knowing whether force has been exerted or threats made. And we can't see collusion like when six parties get together and decide they're going to divvy up the ballot."

Each precinct will have three officials and watchers from the parties competing. The foreign observers will be asked where they want to go, but the government will have "suggested routes" for those who have no preference. They will be accompanied by guards in civilian clothes carrying handguns. "Some of them may complain about the security, but in the end it is not their responsibility but ours," a government spokesman said.

The guerrillas have vowed to disrupt the elections, and Mr. Scammon said, "the biggest impediment is how much the terror will have an effect."

Asked if he thought the rebels would carry their campaign through to election day, the head of El Salvador's Central Electoral Council, Dr. Jorge Bustamante, said, "To answer that question I have to put myself in the mind of the guerrillas. I think if I arrived outside a polling place and saw big crowds there, I wouldn't do anything."

Plane Crash in U.S. Kills 5

WILLIAMSPORT, Pa. — A single-engine airplane crashed into a mountain Sunday while trying to land in a light drizzle and fog, killing five members of a New York family, the police said. The badly burned bodies were recovered from the densely forested crash site 200 feet from the top of Bald Eagle Mountain.

El Salvador Left and Right United In Loathing of Christian Democrats

By Warren Hoge

SAN SALVADOR — Venceremos, the radio station of El Salvador's leftist rebels, recently interrupted its daily fare of heraldic calls to insurrection to give air time to some statements by Conrado Lopez Andreu, an improbable revolutionary spokesman. Mr. Lopez Andreu is the president of El Salvador's Chamber of Commerce.

What brought the two sides in the country's violently polarized politics together was their common loathing for the group in the middle: the Christian Democratic Party.

Led by the president of the military-civilian junta, José Napoleón Duarte, the Christian Democrats have taken hold of the center of El Salvador's political life and are Washington's sole hope in Sunday's elections for a constituent assembly.

But at home, they have engendered such hatred on both sides of the ideological spectrum that it is doubtful they can win a majority of seats, and if they did it is open in question whether they could govern effectively.

"It's intriguing," said a U.S. diplomat who used to be stationed in El Salvador. "Everybody detests the Christian Democrats, yet they are the only group that behaves themselves in ways we can stand. They're absolutely loathed, even though they are reasonable, even though they don't foam at the mouth."

In Managua, a leading Salvadoran opposition figure, Guillermo Manuel Ungo, blamed the junta and the U.S. government Sunday for prolonging the civil war in El Salvador, saying that the guerrilla-led opposition had been ready for months to negotiate a peace settlement.

"But so long as there is no dialogue, it is logical to expect the war to continue, before, during and after next Sunday's elections," he said at a news conference.

Mr. Ungo, a Social Democratic politician who is president of El Salvador's Democratic Revolutionary Front, the guerrillas' political arm, said he hoped nevertheless that negotiations would be possible after the elections.

Deane R. Hinton, the U.S. ambassador to El Salvador, and Thomas O. Enders, assistant secretary of state for inter-American affairs, have said continuation of U.S. aid to El Salvador would depend on commitments by the new government to pursue economic and social changes begun in the last two years. The Christian Democrats authored those changes; the party is the only one of the six running that has pledged to proceed with them.

The campaign has become a contest in which all the other parties are running against the Christian Democrats.

The left, which is not participating in the election, refers in Mr. Duarte and the Christian Democrats, who have been governing El Salvador in alliance with the armed forces for two years, as "collaborationists."

Son of Founder

A number of Christian Democrats left the party in protest over the pact with the military and are now with the Democratic Revolutionary Front. The front's president, Mr. Ungo, is the son of one of the eight founders of the Christian Democratic Party.

If, as is expected, the Christian Democrats do not gain a clear majority in the new 60-member assembly that will be naming an interim president and writing a new constitution, their only way of gaining power will be through coalition. Salvadoran political tradition does not offer much hope that such violently stated differences can be laid aside.

The evolution of the Christian Democrats, from their beginning as El Salvador's first party of social concern to their current pilloried position, dismays adherents. "We haven't been able to explain to the middle class that not everything bad that has happened to this country is our responsibility," said Abraham Rodríguez, another of the founders.

The party emerged from a liberal student movement of the late 1950s. It gained a number of mayors and in 1972, allied with the Social Democratic Nationalist Revolutionary Movement and the Communist-front Nationalist Democratic Union, it won the presidency. The military installed its own man, however, and Mr. Duarte went into exile in Venezuela for seven years.

When he returned and was offered the chance to head the junta, he specified that members of the

business class, who had long resisted political change, not be cut in on the power.

Extreme Right Blamed

WASHINGTON (WP) — Mr. Duarte blamed the extreme right Saturday for violence against journalists in El Salvador, saying some of the violence could be coming from within the military.

"There is a structure of the extreme right in this country and they really worry about it if we win the elections," he said on a television interview show taped Saturday in San Salvador. "They're doing everything they can and one of the things they are doing is threatening people."

Four Dutch journalists were killed last week in El Salvador, and the government said they had been caught in a firefight between guerrillas and the army. Threats against other foreign journalists were reported last week.

Mr. Duarte predicted a good turnout in Sunday's elections despite intimidation by extremists of both left and right.

Leftist guerrilla leaders have been threatening a major offensive just before the elections, including the destruction of transport. They have also threatened violence against voters. But Mr. Duarte said he was confident that the army would be able to maintain control and secure the voting places.

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ARMY HISTORY — Territorial Lt. Col. Jean Blackwood, 37, of the Women's Royal Army Corps, arrived in Bristol, England, on Monday to become Britain's first woman army regiment commander. She will command the 37th (Wessex and Welsh) Signals Regiment (Volunteers).

Nicaragua Defends Expulsion of Indians, Cites Exile Incursions

By Alan Riding
New York Times Service

MANAGUA — The Sandinista government, which has been sharply criticized for forcibly removing about 10,000 Miskito Indians from land along the Honduran border earlier this year, is maintaining that the expulsions were necessitated by growing incursions into northern Nicaragua by armed exile bands.

"We had no choice but to move the Miskitos," said a senior Sandinista commander, who asked not to be quoted by name. "Look what's happening now. It was not an ideal solution, but we couldn't risk having the counterrevolutionaries agitating among them anymore. Unfortunately, we had to find a military solution before a political one."

Having moved the Miskitos — another 6,000 or so fled into Honduras — to five new "settlements" about 80 miles (128 kilometers) to the south, the entire northeastern border area has been militarized. Several villages were burned to prevent their populations from returning. Foreign reporters have not been allowed to visit the region.

International Criticism

When the expulsions began, international human rights organizations expressed concern, while some U.S. officials went even further, charging the Sandinistas, in the words of the chief U.S. delegate to the United Nations, Jeanne J. Kirkpatrick, with carrying out "a campaign of systematic violence" against the Miskitos.

Last week, Sandinista Army units dismantled a rebel camp in northern Zelaya Province after a three-hour clash with an 80-strong column in which 11 exiles and 3 soldiers died. A few days earlier, two bridges in northern Nicaragua were bombed by rightist guerrillas believed to have entered from Honduras.

Visitors at the Camps

The Nicaraguan government is particularly alarmed by press reports that Washington is giving covert assistance to counterrevolutionary groups in Honduras and by State Department confirmation that about 90 U.S. military advisers are stationed there to train the Honduran Army. On Friday, Nicaragua called for a meeting of the UN Security Council to denounce what it termed an imminent invasion by the United States or by paramilitary groups supported and encouraged by Washington.

Some outsiders have been taken by Sandinista officials to the new Miskito camps and have reported

that, while most of the Indians resent having been moved, the regime appeared to be trying to improve still-inadequate housing conditions. The visitors said the plan was to resettle these Miskitos permanently and provide them with new land to cultivate.

The regime's relationship with the 120,000-strong Miskito population remains bruised by bitterness and distrust, with officials still fearful that a secessionist movement could grow among the Indians and the Miskitos who are unhappy at government efforts to integrate them into the rest of the population.

All but 10 percent of Nicaragua's 2.2 million inhabitants live in the western half of the country, where all major cities and towns and the most fertile land are found. It is on this Pacific side, where the population speaks Spanish and is overwhelmingly Roman Catholic, that all major political developments, including the Sandinista revolution, have taken place.

The Atlantic coast was a British protectorate until the late 19th century — 75 years after Nicaragua broke away from Spain — and its population of Caribbean blacks and of Miskito and other Indians enjoyed the independence of neglect, speaking English and native languages, maintaining their customs and, in the main, belonging to the Protestant Moravian Church.

Growing Resentment

After the 1979 revolution, the government pledged to improve living conditions on the Atlantic. But its anxiety to incorporate the Indians of northern Zelaya and the blacks living around the port of Bluefields into the rest of Nicaragua seemed surpassed by its haste in trying to turn them into Sandinistas.

For the first time, a central government presence was felt in small rural communities. When a nationwide literacy campaign offered to teach the Miskitos to read and write only in Spanish, resentment toward the government began to grow.

The government remained insensitive to the ethnic, cultural and religious traditions of the Miskitos and, by early 1981, concluded that the Miskito leadership, headed by Steadman Fagoth Miller, was plotting a secession from Nicaragua.

Last December, the first raids into the Miskito territory of northern Zelaya took place and at least 60 Sandinistas and more than 40 Miskitos were killed.

U.S. Planned to Use Bats to Bomb Japan

Project Was Abandoned in 1944 After \$2 Million Was Spent on Weapon

The Associated Press

NEW YORK — The United States spent \$2 million during World War II to develop the ultimate animal weapon — bats, attached to incendiary bombs, which were to be unleashed on Japan from airplanes. American Heritage reported.

In its April-May issue, the magazine says the 27-month project was abandoned in 1944, but not before some of the bat bombers destroyed a general's automobile and buildings at a small California airport.

According to the magazine, the plan was conceived by Lytle S. Adams, a Pennsylvania dentist returning from a trip to Carlsbad Caverns, N.M., which is home to millions of bats, when he heard about the attack on Pearl Harbor.

Somewhat, Mr. Adams got the ear of President Franklin D. Roosevelt and convinced him the idea merited some thought, the magazine said.

Demoralizing Effect

And Earl P. Stevenson, a top official of the National Defense Research Committee, agreed that the use of the bats — perhaps released from submarines as well as bombers — could be very demoralizing, especially to a "superstitious people."

Donald R. Griffin, a zoologist, and Louis F. Fieser, a chemist, both noted Harvard fac-

ulty members, assisted in the project, American Heritage said.

Prof. Fieser designed a celluloid case, three-quarters of an inch in diameter and 2 inches long, which could be filled with napalm gel. Each device was equipped with a 15-hour timer and was attached to the loose skin of the bat's chest with a surgical clip and a string.

The bats, kept in cold storage to make them hibernate, were to be dropped from planes in cases designed to slow their fall. It was hoped that they would find refuge in buildings, bite through the strings and leave the explosives behind.

Hangers Ignited

But a May, 1943, test of the bat weapon at Muroc Lake, Calif., was an unmitigated disaster, the magazine said. The bats were harder to capture, handle and force into hibernation than had been expected. The containers did not do enough to slow the descent. Many bats broke wings or never awakened.

The bats dropped from the planes were not equipped with bombs, but others on the ground that did have the devices somehow escaped, igniting hangers and other buildings as well as an unidentified general's car.

When it appeared that the government

was going to give up on the project, Mr. Adams lobbied the Navy to carry on. Mr. Adams himself was squeezed out of the project after numerous disputes, including one time when he decided to release 10,000 bat bombs in the California desert.

When a lieutenant "pointed out the tremendous hazard involved to the whole of Southern California by such a program, Adams was most indignant, and the lieutenant finally had to tell him that such an experiment would not be performed even if he [the lieutenant] had to stand in front of the annual with a machine gun to prevent it," William G. Young, a UCLA chemist and NRDC consultant, is quoted as saying.

More tests were more successful, and production of as many as one million bat bombs was scheduled to start in March, 1944. But in March the chief of naval operations ordered a halt to the program, citing uncertainties involving the behavior of the bats and the length of time before an actual strike could be launched, the magazine said.

On a weight basis, according to the magazine, the bombs were the most effective in the American arsenal. A planeload of bat bombs could set as many as 4,748 fires, compared with 400 fires set by other bombs.

The design of the incendiary device remains classified, the magazine said.

Kenya Theater Ban Linked to Critical Author

By Charles R. Babcock
Washington Post Service

WASHINGTON — Malnutrition found in some low-income children recently by Boston-area pediatricians is a sign of the potential harm of Reagan administration budget cuts in the Women, Infants and Children food program, a nutrition advocacy group contends.

But President Reagan, returning to the White House from Camp David Sunday, disputed any suggestion that his budget cuts may be responsible for any rise in child malnutrition.

"I think it's a great exaggeration. We have not reduced spending to below what it was, we have only reduced the rate of increase in spending. We are spending more by 4.5 percent next year than we did this year," Mr. Reagan said in response to reporters' questions about the report, released by the Food and Research Action Center.

The Washington-based group cited the Boston cases as evidence that Congress should not accept the proposal to cut the Women, Infants and Children program from \$900 million to \$600 million in a health block grant.

The program, which was cut about 4 percent last year, supplies supplemental nutrients to poor women who are pregnant or nursing their children and to their young children. It was begun in 1972 and serves about 2 million people.

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Dr. William Bithoney, director of the child health program at Boston's Children's Hospital, said last weekend that 10 of the 100 youngsters he examined last week were suffering from mild malnutrition. He acknowledged that these cases of malnutrition were not caused by budget cuts. But he expressed fears that the cases "may well be symptomatic of what we might see across the country" if the cuts go through.

In a statement, the nutrition group also noted three cases found by Dr. Deborah Frank and by Boston City Hospital's "failure to thrive" teams, which deal with children who do not grow at their age group's expected levels.

Dr. Frank cited children who were dropped from the Women, Infants and Children program and subsequently showed loss of weight and illness. "We have an extremely fragile system of food assistance in place now," she said. "The problem of malnutrition and 'failure to thrive' that we are seeing today will only be made worse by budget cuts."

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Japanese Model Recalls His Role in Giacometti's Life in 1950s Paris

By Henry Scott-Stokes
New York Times Service

KAMAKURA, Japan — You cannot miss Isaku Yanaihara. One lock of gray hair stands almost vertically on his brow as he strides through the crowds outside the station wearing a voluminous gray kimono, his feet shod with *geta*—clogs.

He has an imperious expression, sweeping through the people, dangling a cane that he carries since he suffered a stroke recently. Prof. Yanaihara, an authority on modern European art, has a broad forehead and an eagle beak of a nose. His dark garments flow about him, whipping in a winter breeze.

He is one of a rare breed of Japanese aesthetes who had a personal impact on art in the West, in his case through friendship with the late Alberto Giacometti in Paris in the 1950s.

Effect on Europeans

Japanese intellectuals ventured to Europe after the nation opened its doors to the West in the late 19th century. A few, like Yanaihara, were later seen to have significantly affected artists they met on their travels.

The fascination exercised by Japan on European artists — Paul Gauguin, Vincent Van Gogh, Henri de Toulouse-Lautrec — is well-known. Japanese prints of the pre-modern Edo era that followed to Europe influenced a generation of French painters seeking to escape from academicism. They were painters seeking to escape from academicism. They were enraptured by the spare line, economy of expression and sheer punch of the Japanese.

After the prints came the first Japanese travelers. Michio Ito, the pioneer modern dancer, in-

spired Ezra Pound's interest in Japanese culture, then almost unknown, in pre-World War I London. Years later, Pierre Bonnard was deeply impressed in Paris by the work of Shigeo Kusumoto, a talented young Japanese assistant who worked at his atelier.

Prof. Yanaihara, whose told his story to an American reporter for the first time, belongs to what one may call a third wave of Japanese influence in Europe. They went after World War II: a small group of men, mainly visitors to Paris, who impressed European artists not by introducing an unknown culture — Japan was well on the map by this time — but by their gritty characters, intuitive powers and also, in Yanaihara's case, by a stern, unusual face.

Yanaihara said he first met Giacometti on Nov. 8, 1953 at the Deux Magots café in Saint-Germain-des-Frères. Yanaihara, who was living in Paris on a scholarship arranged through the French government, had written to Giacometti saying he wished to give him an article on the painter written by a Japanese friend and sent from Tokyo.

Giacometti was besieged by visitors, some merely curious intellectual tourists, others dealers, yet others seeking monetary favors. Generous with his time, he accepted many of these invaders, though they cut into his labors at the atelier.

After more than a year in Paris, idling away his time as he ceaselessly studied modern French philosophy, Yanaihara had acquired a range of acquaintances, including Georges Braque and Jean-Paul Sartre. He spoke passably French.

He recalled how used to wait for Giacometti in a café near the atelier, as their friendship budded in early 1956. He has a photo



Guggenheim Museum, Collection Mr. and Mrs. Wilfred F. Cohen
Giacometti's 1961 "Bust of Yanaihara."

of that period, showing a lean, tense Japanese, bent forward with a short stubble on his upper lip, seated alongside Giacometti.

Yanaihara's face, marked a little by heavy drinking and late hours, is a classic samurai face, with a wide jaw, a jutting chin

and piercing eyes, the face of a fighter. It stands out among the receding chins and small noses of the Japanese: a haughty, almost brutal face.

Yanaihara began to serve as a model for Giacometti from the late summer of 1956 at sittings

that were, qualified observers believe, a turning point for Giacometti as a painter and a man. Giacometti reached a zenith in his last years — he died in 1966 — and his work attained a pitch of achievement from the mid-1950s. It is already evident in the oil paintings and drawings of Yanaihara from 1956.

Meanwhile Yanaihara — with, he said, the "approval" of Giacometti — began an affair with Annette, the painter's wife. The three — the Giacomettis and Yanaihara — frequently went out drinking together in Left Bank cafés. The love affair was public knowledge, according to sources in Paris.

Yanaihara, who was due to return to Japan in September, 1956, to teach at Osaka University, postponed his plane reservations "four or five times" while Giacometti, in daily sessions, struggled for four months without success to complete a portrait of him. It was a battle the painter fought with other models — the American James Lord has published his account of a similar prolonged effort in the early 1960s — and it now belongs to art history.

"I was sure he was the most important, the greatest artist in the world," said Yanaihara at his book-crammed home here, hemmed in by three immense sleepy cats in his kitchen. "I was enthusiastic to pose because I liked his work so much, otherwise I couldn't sit for him, though by postponing his return, he said, he risked dismissal by Osaka University."

Yanaihara's diaries, a series of little books written in a mixture of Japanese and French, often in shorthand or in cryptic form, cover the period. He used them and a few letters he received

from Giacometti as the basis of a book titled "Giacometti to tomorrow" ("Friendship with Giacometti") published by Chikuma Shobo in Tokyo in 1970.

He said that he also knew Caroline, Giacometti's next important model, Caroline, meeting her "many times" in 1960 and 1961. The young woman, described by Yanaihara as a wild person with ties to the underworld, exerted a powerful force on the aging artist. She was in turn "very fond of Giacometti," he said.

Train of Events

Yanaihara, now 63, is described by Hisao Domoto, a Japanese painter who lived in Paris in the 1950s, as "slow" on the uptake, late in realizing the impact of his actions. Even now it appears not to have fully dawned on him that his appearance at Les Deux Magots in November 1955 started a train of events with deep impact on one of the great artists of the 20th century.

"Do you sense that you had a personal influence on his life?" asked a visitor.

"I can't say there was none," said Yanaihara, using a circumlocution in Japanese. He laughed wryly.

Meanwhile the unfinished portraits of Yanaihara owned by the Guggenheim Museum in New York and by the Art Institute of Chicago testify to a friendship that is likely to preoccupy future biographers of Giacometti.

"Aside from his personal place in the artist's life," commented one American critic, "Yanaihara was important to Giacometti because it was while working on the portraits of him that a further shyness of perceptual bafflement... seemed to yawn at the very tip of the paintbrush with a consequent deepening and darkening of aesthetic powers."

Both Germanys Mark Goethe's Anniversary

By Derek Parr
Reuters

BONN — Germans in East and West paid tributes ranging from wreaths to record-breaking recitations to mark the 150th anniversary Monday of the death of Johann Wolfgang von Goethe, Germany's greatest man of letters.

The celebrations focused on Frankfurt am Main in West Germany, where Goethe was born in 1749, and Weimar in the East, where he died on March 22, 1832.

Goethe, writer and scientist and a minister in the duke of Weimar's court, is one of the most illustrious Germans — to be honored by both the Communist and the capitalist states since the country's postwar division.

West German President Karl Carstens told pupils in a Bonn school in an anniversary speech that he was pleased that both parts of Germany were celebrating the occasion.

"That way the poet belongs to the whole nation, which — as this day shows — is well and truly alive while Germans in East and West proudly proclaim their great poet," he said.

Marathon Recitation

The record-breaking was done in Frankfurt where actor Wolfgang Kaven recited titles of books and essays on Goethe for 17 hours in a glass cabin in the center of the city.

Kaven, allowed a five-minute break every hour, was not even hoarse when he wound up his performance at midnight Sunday to qualify for a place in the Guinness Book of Records.

"It was a bit hard physically, but I'm fine again now," he said. "I didn't do it to get into the Guinness Book of Records but because I believed in the idea."

Over the weekend Hesse state radio turned one of its stations into "Radio Goethe" and broadcast items such as a quiz between schools named for Goethe in Weimar and Frankfurt on their knowledge of the bard.

Other items on the season's Goethe menu in Frankfurt are a chief cooking Goethe recipes, an actress reading Goethe works in the poet's own Frankfurt dialect and seminars at the university ranging from "Goethe as Bible Expert" to "Goethe and the Modern Theory of Color."

Prime viewing-time choice on West Germany's two main television channels Monday night were excerpts of Goethe's work "Faust," the epic story of the man who sold his soul to the devil.

East and West German leaders, in rare concord, eulogized the poet. A wreath from East German Communist chief, Erich Honecker, was dedicated to "the German poet genius," President Carstens



Goethe at 80, by Stieler.

spoke of Goethe in Bonn as "one of the greatest."

East Germany built up to the anniversary with exhibitions dedicated to the author's life in East Berlin and Leipzig, where Goethe was a student. A new permanent exhibition has been set up in the Weimar Goethe Museum.

The East, unlike the West, has depicted Goethe on its currency, an honor he shares with Communist prophets Karl Marx and Friedrich Engels and women's rights activist Clara Zetkin. The bard's portrait graces the 20-mark note.

The official Communist Party daily Neues Deutschland commemorated Goethe with a full-page article praising him as a man of the people, a humanist and enlightened reformer frustrated by the social conditions of his day.

The paper acknowledged that in opposing reactionary feudalism, Goethe in his later work embraced the growth of the capitalist means of production. But it said he had fully depicted the "brutal criminal practice of capitalism" in the second part of "Faust."

Racier Line

West Germany's mass circulation Bild Zeitung took a racier line, depicting the reclining poet surrounded by cameo portraits of five of the women who featured in his love life.

"He was privy counselor, mining director, court theater director, actor, minister of state. He was an artist and scientist. He was a spendthrift, a pleasure-seeker and a lady-killer," Bild Zeitung said.

Goethe's early literary reputation was built on the partly autobiographical novel of a world-weary young man who kills himself because he is rejected by a woman.

The book triggered a wave of suicides in Europe and was read seven times by Napoleon, who was reported to have described Goethe, as his only living equal.

Château Haut-Brion: An American Favorite Thrives in Bordeaux

By Terry Robards
New York Times Service

NEW YORK — Château Haut-Brion, one of the greatest wine estates in France, was down and out in 1933, along with much of the world economy. The vineyard had been ranked as a premier grand cru, or first great growth, in the Bordeaux classification of 1855, but the market for its celebrated wines had shrunk, and its proprietor had committed a tactical error. He had decided to bypass the Bordeaux wine trade and maximize profits by selling directly to stores and restaurants, eliminating the middlemen who traditionally marketed the best Bordeaux wines.

Rumors circulated that the Haut-Brion vines had been afflicted with blight, that they were no longer capable of yielding the wines of extraordinary richness and finesse that had made the chateau famous. Critics began whispering that Haut-Brion no longer merited its premier cru status, that it should be demoted from the exalted company of Château Lafite-Rothschild, Château Latour and Château Margaux, the only other properties that received premier cru recognition in 1855.

The proprietor, André Gibert, decided to give up. He offered Haut-Brion to the city of Bordeaux on the condition that the property be maintained in perpetuity. The city leaders, deciding that forever was too long, turned him down. So Haut-Brion, with a history dating back to 1509, a property that Thomas Jefferson described in 1787 as the best in all of France for pleasing the American palate, was thrown on the real-estate market.

It was one of many. Château Margaux and Château Cheval Blanc also were for sale at the time along with a number of lesser Bordeaux estates, and Clarence Dillon, an investment banker who had made a fortune in Wall Street before the crash of 1929, recognized an opportunity when he saw one.

Having decided to live part of each year in Paris while waiting out the Depression, Dillon had developed an abiding interest in France and its wines. For a reported \$160,000, a fraction of its present value, he bought Haut-Brion, which lies in the village of Pessac in the area known as Graves, just south of the Bordeaux city limits.

Today Château Haut-Brion remains a favorite of American connoisseurs. Revived and nurtured by the

Dillon family for the last half century, it is the most important wine property in Europe under American ownership.

Haut-Brion now also has the distinction of being managed by a woman, the Duchess of Mouchy, granddaughter of Clarence Dillon and the daughter of C. Douglas Dillon, who is a former secretary of the Treasury and a former ambassador to France. The Duchess, the former Joan Dillon, is president of Haut-Brion, and her husband, Duke Philippe de Mouchy, is director general.

The full story of Haut-Brion's acquisition by Americans and its revival was told the other day by Douglas Dillon, who was in New York with his daughter and son-in-law discussing commercial arrangements with importers. Almost miraculously, Dillon recounted, the whispering about Haut-Brion stopped and the wines began to improve as soon as his father restored the traditional links with the Bordeaux trade after the purchase in 1934.

During World War II the chateau was occupied and used as a billet and rest home for German pilots who flew attack missions against Allied convoys in the Atlantic Ocean. The valuable old wines from its

cellars were quietly hidden elsewhere in Bordeaux during the occupation and returned after the war.

Since then most of the income from the estate has been reinvested in capital improvements to restore it to its former level. Ownership eventually passed from Clarence to Douglas Dillon and he turned it over to his children upon becoming Treasury secretary in 1961 because of a law preventing Treasury officials from being in the alcoholic beverage business.

Under the direction of Jean Delmas, the manager and wine maker since 1961, Haut-Brion has held its own against inroads from the urban sprawl of Bordeaux, though the area around Pessac is becoming populous, with houses and apartment buildings springing up within sight of the famous vineyards.

Its wines are coveted by oenophiles with money to spend, for they are among the most expensive of all French wines, reflecting rising demand for a supply that has remained static for the last three decades. The reds display a spicy, almost minty quality in good vintages like 1978 and 1979, and seem to achieve maturity slightly earlier than many of the other top-ranked Bordeaux.

CARON 34 AVENUE MONTAIGNE: HERE, EVERYTHING IS SPLENDOUR AND DELIGHT.

PERFUMES, face powders, brushes, powder puffs, crystal bottles: all Caron's products, past and present, are henceforth gathered together at number 34 avenue Montaigne in Paris. The new "Parfums Caron" boutique is a palace.

There, "Nocturnes", Caron's la-

test success has the place of honor. Floral, passionate, voluptuous as night-time, this perfume already has its fans just as "Rose" or "Or et Noir" had theirs.

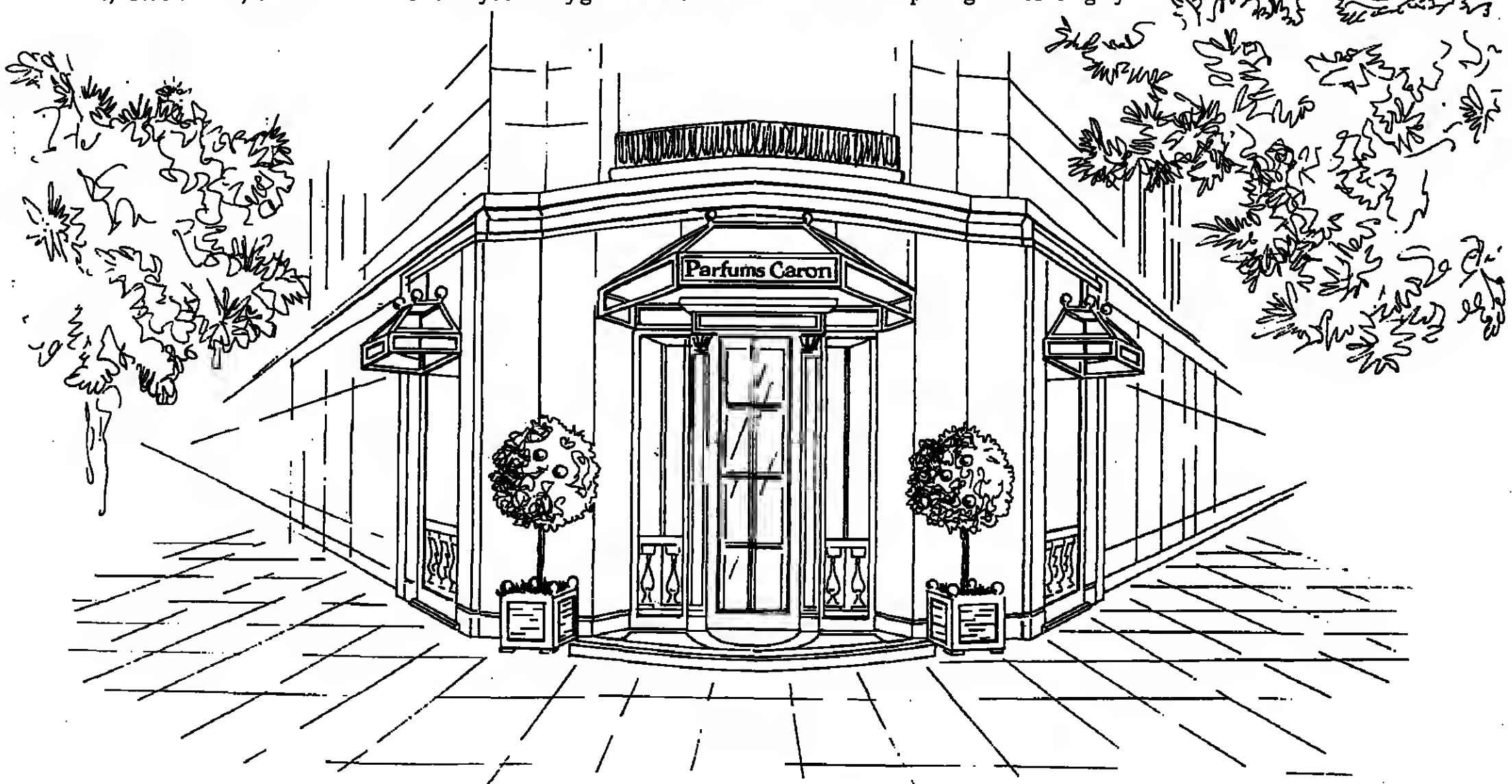
Moreover these perfumes or yore which, since 1904, have made Caron famous, have not been forgotten. Should your fancy go to a few ounces

of "French Cancan" or of "Violette Précieuse" then make your choice. You shall take them away in a bottle designed for Caron in 1927.

Caron Montaigne is not like any other boutique. It is a real hall of perfumes. Here, for its scents, Caron has created a universe to their measure: imposing tables of grey

marble, basins, mirrors, crystal fountains from which spring the perfumes...

One has to visit Caron Montaigne. It is today's meeting place for all those of us who, each day, take part in the perfume ritual.



OPEC Accord Reduces Chance for Price Drop

From Agency Dispatches
VIENNA — OPEC's agreement to reduce output raises doubts about recent predictions that a major round of oil-price cuts is in store, industry analysts say.

NEWS ANALYSIS

Few oil experts believe that OPEC's agreement Saturday to cut daily production by about 700,000 barrels, to 17.5 million, is sufficient by itself to tighten the oil market immediately. Rather, they say, the accord is part of a strategy

fact — to dispel expectations of a price drop.
That in turn could raise open-market prices, which are now as much as \$6 a barrel below official OPEC levels.
"I was skeptical before, but now I have no doubts," Ian Seymour, editor of the Middle Eastern Economic Survey, said after the OPEC session. "I think they've put together a package that will work."

Still, OPEC may find its analysis incorrect. Few OPEC ministers argue that the optimism following this effort to rally round the flag will long persist without more fundamental signs of a closer balance in the oil market. Countries such as Nigeria, brought to Vienna largely for a heavy dose of peer pressure, find their inclination to reduce prices rising as the distance from their OPEC colleagues increases.

The question comes down to whose analysis of the oil market is correct. According to Sheikh Yamani, oil inventories have been shrinking by some 4.5 million barrels a day as oil companies have held off buying in advance of the OPEC meeting. Many private experts believe the withdrawal is about 1.5 million barrels a day or less — no more than the normal level.

How much is being drawn from inventories is a critical question, because the more the inventory reduction, the higher true demand. But reliable inventory figures become available only months after the fact. That has left the oil community even more divided than usual over what is going on.

An important result of the session was the clear signal that Saudi Arabia will stand behind the benchmark price of \$34 a barrel, on which other OPEC prices are based. During recent weeks, as prices on the spot market, where oil is not under long-term contract, have plummeted, without Saudi consent on the part of the Saudis, speculation arose that they sought an outright price cut. Instead, Sheikh Yamani emphasized by the Saudi cut of 500,000 barrels a day that his nation continued to seek a price freeze through the end of 1983.

In retrospect, it appears that Saudi Arabia, OPEC's most powerful member, wanted to ensure before coming to Vienna that the fear among other members of a price war was so strong that they

would be unlikely to cheat on any agreement. That stage apparently was reached earlier during a gathering of key members in Doha, Qatar, this month, when Nigeria warned that it might have to match Britain's price.

Traders See Little Effect
ROTTERDAM (Reuters) — Traders on the European spot oil market said Monday that they believe OPEC's decisions will have little effect on spot prices.

Prices of gasoline for prompt delivery firmed Monday, continuing a recent trend, but most other prices were steady, the traders said. No major trades were reported.

Several traders predicted that some hard-pressed OPEC members soon will break ranks and offer further discounts from their official prices. Some Iranian crude was reported to be on offer at below the official price, but it was too early to say whether OPEC nations were already discounting, the traders said.

They generally forecast that crude and product prices will continue to decline in the long term.

U.S. Sharply Cuts Its Duty-Free Import List

WASHINGTON — The Reagan administration has eliminated special duty-free treatment to \$631 million in exports from developing countries, a move that particularly will affect Taiwan and Hong Kong.
At the same time, \$76 million in imports from developing countries will be added to the duty-free treatment known as the Generalized System of Preferences, down from the \$442 million in goods added last year.

"These changes reflect the administration's recognition of the achievements of the more advanced developing countries in attaining a higher level of competitiveness in certain products in the international marketplace," said U.S. Trade Representative William Brock.

Taiwan, Korea, Hong Kong, Mexico, Brazil, Singapore and Israel, the major beneficiaries of the program, were all affected.

The GSP program allows goods

Quotas

Figure in millions of barrels a day

Country	1979	1982	Quotas
Saudi Arabia	9.7	8.6	7.65
Iran	3.5	1.0	1.2
Iraq	3.4	1.0	1.2
Kuwait	2.2	0.85	0.8
UAE	1.8	1.25	1.0
Qatar	0.5	0.35	0.3
Algeria	1.2	0.65	0.65
Libya	2.1	0.7	0.75
Nigeria	2.3	1.5	1.3
Venezuela	2.2	1.72	1.5
Indonesia	1.6	1.64	1.3
Gabon	0.2	0.16	0.15
Ecuador	0.2	0.2	0.2
Total	30.9	19.55	18.00

Figures for Saudi Arabia and Kuwait include output from the Neutral Zone shared between them. The Neutral Zone quota under the accord is set at 300,000 barrels per day.

Prices

Country	Old	New
UAE	35.50	34.56
Iraq	34.93	34.47
Algeria	37.00	35.40
Libya	37.00	35.20
Nigeria	36.52	35.42
Indonesia	35.00	34.85

Prices in US dollars per barrel. The exact new prices may vary slightly.

It would be unlikely to cheat on any agreement. That stage apparently was reached earlier during a gathering of key members in Doha, Qatar, this month, when Nigeria warned that it might have to match Britain's price.

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Forecasts for U.S. Firms' Profits: Bad to Worse

By Thomas L. Friedman
New York Times Service

NEW YORK — As the economy sinks deeper into recession, forecasters are making their gloomy predictions of first quarter corporate earnings even gloomier.

The forecasts say corporate profit margins are being squeezed much tighter than earlier expected, reflecting lower productivity, high interest rates, dwindling sales volumes and product prices that are shipping faster than manufacturing costs. The auto, oil and housing industries are expected to lead the earnings retreat, dragging other sectors closely behind.

"What is most disconcerting," said Gail I. Hassel, vice president for industrial ratings at Standard & Poor's Corp., "is that just about any of the industries or companies we deal with have business forecasts that assume a recovery for the second half of 1982. But when we press them, they admit their orders have not picked up this quarter. If there is to be a recovery, they should be receiving the orders by now. I think many of them are quietly reassessing their plans."

Spot Check

And so are the forecasters. A spot check of economic forecasts for after-tax corporate profits in 1982's first quarter — as measured by the Commerce Department in its National Income Account — found predictions of de-

clines ranging from 12 percent to 27 percent from the year-earlier quarter. In the fourth quarter of 1981, profits declined 7.1 percent from a year before, according to the department.

Downward revisions in projections for the current quarter have been heavy in recent weeks. "We had always projected a decline for the quarter, but it just looks worse to us now," said Otto Ekestein, chairman of Data Resources Inc., a Lexington, Mass., economic forecasting firm.

Earlier this month, Data Resources was predicting an earnings decline of 5 percent. But in light of information received from clients around the country, the company now projects a 13-percent drop in quarterly earnings from the \$169.2 billion of a year ago.

Three factors in particular prompted Data Resources to project sharply lower earnings, it said. First, the oil glut and steady erosion in the price of refined petroleum products are expected to depress earnings heavily in the oil industry and are bound to cut into its capital spending plans.

Second, car sales during the first 10 days of March were a dismal 5.5 million units at an annual rate, down from February's 6.3-million-unit rate. Finally, a robust recovery in the housing and commercial construction industries, essential to a broad range of related industries, has been undermined by high interest rates.

NYSE Prices Post Biggest Rise in Month

From Agency Dispatches
NEW YORK — Prices on the New York Stock Exchange recorded their biggest gains in over a month, but analysts attributed the rally primarily to a combination of technical factors rather than any change in the negative news background.

The Dow Jones industrial average closed at 819.54, up 13.89 points, the biggest one-day gain since it jumped 21.59 on Jan. 28. Advances led declines about 1,200 to 300, and volume swelled to about 57 million shares from 46.3 million Friday.

Analysts said the market was overdue for a technical surge, having dropped in 11 out of 14 weeks so far this year.

"It's definitely internal dynamics, nothing has changed fundamentally," Larry Wachtel of Bache Group said. He noted that the market's most recent decline has lasted as long as its sharp slide last summer.

Analysis also pointed to the high level of short positions in the market. On Friday, the NYSE said short interest rose 0.8 percent in the month ending in mid-March to 85.69 million shares, close to the record of 89.53 million set in mid-December. With short interest, an indication of bearish sentiment, at such high levels, investors became nervous that the market was too oversold and started covering their positions, analysts said.

Depressed equity stocks picked up some strength following OPEC's decision to lower oil production. However, the gains were modest, and analysts warned that the production cut will not stop the slide in oil prices over the near term.

The stock market got a boost from news that General Motors and the United Auto Workers union reached a contract agreement over the weekend. On the trading floor, GM was active and higher most of the day.

Some investors also were encouraged by the Federal Reserve's report Friday of a \$400-million decline in the basic money supply during the latest reporting week. The decline could put some downward pressure on interest rates.

On Monday, U.S. Trust said it lowered its broker loan rate to 15 1/4 percent from 15 1/2 percent. The broker loan rate at major banks range from 15 1/4 percent to 16 percent. Changes in the broker loan rate often prefigure changes in other interest rates.

Both sides emphasized future cooperation rather than the confrontation that characterized the auto industry historically. A company statement said: "We are on the threshold of a new age of harmony which promises progressively greater stability and growth for our corporation and industry."

The agreement now must be approved by the union's bargaining council and its rank-and-file members, but approval appears likely.

Bonn Posts Narrower Gap In Payments

From Agency Dispatches
WIEN, Austria (Reuters) — West Germany's current-account deficit last month narrowed to 600 million Deutsche marks from 2.88 billion DM in January, 1981, the statistics office said Monday in a preliminary report.

The current account includes trade in goods and services and certain financial transfers. In trade alone, West Germany reported a surplus of 3.62 billion DM, compared with surpluses of 1.1 billion DM in January and 900 million DM in February, 1981.

Exports last month totaled 34.45 billion DM, up 9.7 percent from January and 14 percent from a year earlier. Imports were up 1.7 percent from January and 5.2 percent from a year earlier to 30.83 billion DM.

For the first two months of 1981, the current-account deficit totaled 4 billion DM, narrowed from 6.1 billion DM in the year-earlier period.

West Germany posted a trade surplus for the two months of 4.74 billion DM, compared with a deficit of 63 million DM a year earlier.

Last month, the Bundesbank forecast that West Germany would record a balanced current account for all of 1982. For 1981, the country recorded a current-account deficit of 17.5 billion DM, compared with 29.8 billion DM in 1980.

Commercial bank economists said the current-account deficit last month represents a setback from the regular improvement seen over the past six months.

The deficit, coupled with the January shortfall, means that a serious rise has been recorded in the outflow of funds in the invisible accounts.

Although they said it was too early to modify forecasts for the full year, the new weakness of the current account gives cause for concern.

Several economists had been predicting a surplus in the February current account of 50 billion DM to 1 billion DM following the 2.9-billion-DM deficit originally reported for January.

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New Contract to Save GM Billions

By John Holusha
New York Times Service

DETROIT — A tentative agreement on a new contract was reached between the United Auto Workers and General Motors late Sunday after more than 37 hours of continuous bargaining.

Under the new agreement, GM workers will give up annual raises, up to nine days a year in paid time off and defer for two years as a result of decisions to use outside suppliers.

In addition, the company will extend the Guaranteed Income Stream benefits won at Ford Motor to those workers laid off at two California assembly plants that

have been closed indefinitely, but not permanently. In all, more than 10,000 workers are involved.

The agreement was similar in form to an agreement concluded last month between the union and Ford — which was expected to save that company about \$1 billion — but will apply to more workers since GM is larger.

GM also agreed to extend lifetime job guarantees to employees at four plants yet to be selected, and to provide prepaid legal services for union members.

The union also will share in the profits of the automotive plant, achieving a long-sought goal. The formula will be different than the one negotiated at Ford, and will produce less immediately for workers, but Mr. Fraser said the GM formula would be sounder over the long term.

Both sides emphasized future cooperation rather than the confrontation that characterized the auto industry historically. A company statement said: "We are on the threshold of a new age of harmony which promises progressively greater stability and growth for our corporation and industry."

The agreement now must be approved by the union's bargaining council and its rank-and-file members, but approval appears likely.

EEC to Turn to GATT

From Agency Dispatches
BRUSSELS — EEC foreign ministers agreed Monday to start consultations with Japan under the General Agreement on Tariffs and Trade over the community's trade gap with Japan, diplomatic sources said Monday.

An EEC ministerial council here agreed to open the GATT talks under Article 23 of the agreement. If there is no quick progress toward solving the huge trade imbalance, the community may appeal directly to a GATT panel.

"We've succeeded in achieving a

series of breakthroughs on job security that will stop the hemorrhaging of GM workers' jobs," Mr. Fraser said. Nearly 150,000 UAW members have been laid off by GM in the current recession.

The union induced the company to reopen four of seven plants it had recently announced plans to close, and it secured a pledge that the company will not close any plants for two years as a result of decisions to use outside suppliers.

In addition, the company will extend the Guaranteed Income Stream benefits won at Ford Motor to those workers laid off at two California assembly plants that

have been closed indefinitely, but not permanently. In all, more than 10,000 workers are involved.

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BUSINESS NEWS BRIEFS

BP Oil May Double Its Reliance on Spot Market
LONDON — BP Oil, British Petroleum's U.K. subsidiary, may turn to the spot market for up to 50 percent of its needs instead of the current 25 percent, a BP Oil spokesman said Monday.


BP Oil obtains 50 to 60 percent of its oil from the North Sea. Industry sources

Tables include the nationwide prices up to the closing on Wall Street.

[illegible][illegible][illegible]

1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	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COMPANÍA IBERICA REFINADORA DE PETROLEOS, S. A.

1.500.000.000 de Pesetas


REVOLVING CREDIT FACILITY

ARRANGED BY:
BANCO DE FINANZAS

FUNDS PROVIDED BY:

BANCO ESPAÑOL DE CREDITO, S. A.	BANCO DE FINANZAS, S. A.
BANCO DE GRANADA, S. A.	BANCO HISPANO INDUSTRIAL, S. A.
BANCO DE PROGRESO, S. A.	MANUFACTURERS HANOVER TRUST CO.
	Madrid Branch

AGENT BANK:



BANCO DE FINANZAS

MARCH 1982

(This announcement appears as a matter of record only).

	A.M.	P.M.	N.C.
London	378.50	378.80	+5.05
Zurich	378.50	371.50	+4.00
Paris (12.5 kilos)	333.75	331.70	-0.51
Luxembourg	378.00		-0.25

Official ratings for London, Paris and Luxembourg, sweating and closing prices for Zurich. U.S. dollars per

Price	May	Aug.	Nov.
330	12.00-14.00	17.00-20.00	25.50-28.50
350	4.75-6.75	8.50-11.50	18.00-21.00
370	2.75-4.25	7.00-9.00	12.00-15.00
390	---	---	9.00-12.00
410	---	---	---

Gold 318.50-319.00

Valeurs White Weld S.A.
1, Quai du Mont-Blanc
1211 Geneva 1, Switzerland
Tel. 316251 - Telex 28305

**EMPRESA NACIONAL
DEL PETROLEO, S.A.**
(CENTRO)
U.S. \$25,000,000
Floating Rate Notes Due 1986
Notes are hereby given pursuant to Condition 3 (a) of the Terms and Conditions of the above mentioned Note, that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 22nd September 1982 to 22nd September 1983 shall be the rate of interest in effect at the annual rate of 15.00%. The U.S. dollar amount to be paid on the holders of Coupon No. 1 will be set on or about 22nd September 1982 will be U.S. dollars 80.50 subject to such amendments thereto for the purpose of the payment of the interest on the said coupon. The interest shall be payable without notice, in the event of an amendment of the rate of the above-mentioned Interest Period.

**EUROPEAN-AMERICAN
BANK & TRUST COMPANY**
(Principal Paying Agent)

23rd March, 1982


ADVERTISEMENT

INGERSOLL-RAND COMPANY
(C.D.R.'s)

The undersigned announces that as from 29th March 1982 at Kna-Associatie N.V., Episcopaat 172, Amsterdam, div.pers. no. 35 and the C.D.R.'s of the company have been cancelled, each rep. 5 shares, will be payable until 1982: $\text{Dfl. 9.69 net (div.pers. record-date 29.3.1982; gross = Dfl. 9.89 paid) after deduction of 15% (ISA-tax) = Dfl. -6.675 = Dfl. 1.74 per share}$ to non-residents of The Netherlands will be paid after deduction of an additional 15% (ISA-tax) = $\text{Dfl. -6.675 = Dfl. 1.74 will be Dfl. 7.95 net.}$


AMSTERDAM DEPOSITORY COMPANY N.V.
Amsterdam, 16th March 1982.

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(Continued on Page 12)

\$30 Billion Is at Stake in Kuwait's 'Phantom' Exchange

By David B. Ottaway

Washington Post Service

KUWAIT CITY, Kuwait — Its name is *souk manakh*, "the weather market," and the Kuwaitis refer to it euphemistically as their "parallel stock exchange." But it may be the world's largest gambling casino, because many of the companies whose stock is changing hands as fast as those hands can sign checks — do not exist.

And it may not be long before it is the scene of a \$30-billion stock crash, with potentially devastating consequences even for this richly endowed Gulf sheikhdom where billionaire and millionaire oil sheikhs are too numerous to count.

Souk manakh is a household phrase here. Every day, hundreds of Kuwaitis with idle millions of dinars and dollars on their hands — and many others with less — go down to the *souk* around noon and again at dusk to gamble on making a fortune before the crash.

It is not only that *souk manakh* is totally illegal and outside government regulations of any kind. Basically, the market runs on paper money and the dealings are often in little more than phantom companies, according to bankers and diplomats who have followed the phenomenon.

The game, put simply, works like this. Kuwaitis trade millions of shares each day with checks dated for payment a year, or even two years, from the time of the transaction. The buyers immediately re-market the shares at higher prices, while the sellers take the checks to Kuwaiti banks, which accept them at a 10- to 20-percent discount.

Whether a company has a telephone, or a

desk to put it on, or even an office to put the desk in, is of little concern.

For example, in a recent transaction of 81,395 shares in one company, the going price per share was 2.50 Kuwaiti dinars (about \$9), but the buyer agreed to purchase them at 4.95 dinars with a promise to pay the seller one year later.

The buyer took possession of the shares within two days without laying out a penny. He was then free to resell the same shares at an even higher price in the same way, cashing in the check for payment at a discount with his local bank.

Normally he will already have made a handsome profit on the resold shares, far more than he will have to pay out on the original purchase a year later.

In this manner, the price of Gulf shares has been going higher and higher in frenetic trading, with the volume of outstanding checks growing to enormous proportions.

"Playing the market has become a national obsession here," said a Western analyst, adding, "We're talking about billions of dollars."

Money Talks

Billions indeed. *Souk manakh* analysts estimate that somewhere between 6 billion and 10 billion Kuwaiti dinars, the equivalent of \$21 billion to \$36 billion, is now outstanding in post-dated checks tied up in the stock of companies.

The magnitude of the money involved is causing jitters up and down the Gulf. "I think this is very serious," said one Saudi bank manager in Manama, Bahrain, where many of these "Gulf share" companies, as they are called, are registered.

"When it comes to that amount of money, I'm not sure the Kuwaiti government can bail the market out."

Some *manakh* market analysts say it is precisely the assumption the Kuwaiti government will act to prevent a monumental crash — as it did in 1977 on the regular Kuwait stock market — that is helping to keep the whole phenomenon going.

"It's like a national gambling casino and everyone is betting that the house, which is the government here, will be the big loser," said one Western economist.

Other analysts are not so sure the Kuwaiti government is willing to play the game. For one thing, none of the companies is technically Kuwaiti, although close followers of the market say 90 percent or more of the shareholders are Kuwaiti nationals.

Also, the Kuwaiti government, although it has \$65 billion to \$70 billion salted away in foreign reserves, does not have the cash on hand it did in 1977 because of a drop in oil earnings resulting from the world glut.

The government has so far remained mum on its intentions. Analysts say it could quickly rein in the wild speculation by declaring post-dated checks illegal. But most agree it faces a real dilemma, for those who stand to lose a fortune include the largest banks, members of the ruling Sabah family, sheikhs and tycoons of considerable political clout, plus a lot of ordinary Kuwaitis. In short, the lobby in favor of the parallel market staying afloat is enormous.

The stock fever has also infected relatively poor Kuwaitis and many of the estimated 200,000 Palestinians living here. Because only Kuwaiti or Arab Gulf-state nationals can participate, Palestinians and other for-

eigners use front men to invest their savings for them, according to Palestinians involved in the market. It is also rumored that some Western investors are following suit.

Stories of ordinary Kuwaitis who have struck it rich on *souk manakh* are widespread. For instance, one Western resident was told while visiting a Kuwaiti family recently that the servant pouring tea for them had just made \$18 million playing the market.

Open-Air Billions

The *souk* is less than a year old and is located in the small open-air central square of a new shopping center stuck between the Gulf and Commercial banks in central Kuwait City. It was supposed to house small shops and stores on the first two floors.

Instead, stock brokers, often in the guise of real estate agents, took over the premises. The latest "shop" up for sale went for \$31 million, more than twice the original cost of the entire building, according to Kuwaiti and Western sources.

In a way, *souk manakh* is very Arab in its functioning. Investors pay no attention to such things as the price-earnings ratio of a company, profits, its investment plans or dividends.

Instead, they place their faith in the names of those associated with the company; sometimes a firm will carry a well-known Kuwaiti family name just to attract buyers.

"Rationally, you say it is an unreasonable phenomenon," remarked the Saudi banker in Manama. "But this is beyond all reason. These people have been irrational have made a fortune out of it."

New Rules on Wall Street Put Pressure on Morgan Stanley

By Leslie Wayne

New York Times Service

NEW YORK — When Morgan Stanley, the most prestigious of investment banks, looks to its roots, it sees the industrial financier J. P. Morgan, whose own American ancestry dates to 1636. An offspring of the House of Morgan, Morgan Stanley has grown rich as the banker to blue-chip corporate America, with a client list that is the envy of Wall Street.

It earns a 20-percent after-tax return on equity. Each year, it either leads or is near the top of the numerous lists that rank Wall Street firms. In 1981, it appeared as lead manager on \$11.76 billion of corporate stock, and bond issues, taking the No. 1 position for the third successive year. Its clients, including 15 to 20 of the nation's 50 largest companies, carry names like AT&T, General Electric, Exxon and Du Pont.

But the world of Wall Street is changing, in ways that could threaten to crack Morgan's noble walls.

Upstart Competitors

New regulations, primarily the Securities and Exchange Commission's Rule 415, which allows corporations to sell securities directly to investors, pose a threat. Upstart competitors are hunting among Morgan's clients; Morgan has even seen its rule on being sole manager of corporate industrial issues. A real distribution network, which Morgan lacks, is considered by many the key to growth.

Characteristically, Morgan Stanley is not worried. "Every time something comes up, our competitors rub their hands and say, 'We're going to get Morgan Stanley,'" said Robert H.B. Baldwin, Morgan's lanky Princeton-educated president. "It is the nicest form of flattery that they've always shooting at Morgan. Anyone who says we cannot compete should come back in two years to see what the answer will be."

There is no denying that the securities industry, once primarily a service business, is becoming a munitions business. Gone are the days when old school ties and a mining personality were keys to doing clients. The new age is marked by a trading and transaction orientation.

New Financial Might

While Morgan has, by all accounts, been adapting to the changes, its hallmark remains advisory service. It still tends to resist the ebb of the Ivy League tools and not the gunslings of the Brooklyn, and Morgan's up-chip client list is seen by some as a benefit of the growth companies of the future.

The purchase of major Wall Street firms by such nonfinancial companies as Sears Roebuck and J.P. Morgan Chase has brought a financial might to a new set of competitors. Corporate treasurers, because of volatile economic conditions have been forced to become ever more sophisticated in dealing with the markets, are less

dependent on their investment bankers for wisdom and guidance.

Once, investment banks simply formed syndicates of brokerage houses to purchase new securities.

A loyal syndicate participant, Morgan Stanley has been a client base, which it calls its "franchise," signed up in fair weather and foul. Take a share of the securities, resell at a markup if possible, and be assured of a place in the next, possibly more profitable, offering.

'Remarkably Flexible'

That will not be, it would seem, the way of things in the new world of Rule 415. Under that rule, registration requirements are much relaxed, allowing smaller, more frequent issues, and anyone with the money can buy up the whole of a package of securities. This leaves the corporation in a position to shop around for the most attractive bids and is encouraging an eager set of bankers to make those bids.

Because Morgan has outperformed the competition, it is seen as the firm with the most to lose from the changes.

"Morgan is facing a bigger turn-about than the others," said Robert R. Glauber, chairman of the finance department at the Harvard Business School. Still, he added, "they have shown an ability for an old financial firm with strong-headed ideas to be remarkably flexible. I wouldn't bet that much against them."

Morgan's argument is that Rule 415 will not cause a net loss in business, because corporate treasurers will still want its quality advice on money-raising matters, particularly as they are besieged by even more bankers. Some clients may be lost, but others will be added.

Morgan has not been associated with the much-maligned financing innovations of the past year — the zero-coupon bond, for instance, debt-for-equity swaps or original-issue discount bonds. Morgan partners like to assert that past innovations, such as floating-rate notes, were failures.

"This firm is innovative, but we're not harembrained," said Lewis W. Bernard, one of Morgan's six managing directors. "This firm has an approach to be thoughtful. We don't want to take our clients over a cliff."

But against the fiscal might of the new financial conglomerates, a firm with less capital — Morgan Stanley has \$204 million, compared with \$1.2 billion at Merrill Lynch — must display more creativity to stay ahead, according to Richard Gridley, a principal in the consulting firm of McKinsey & Co., which specializes in the financial industry.

WASP Types

Whether Morgan is able to meet this challenge has some experts wondering. "It starts with the people they hire," said Charles R. Wolf, a finance professor at Columbia's Graduate School of Business. "It's the Morgan attitude. They look for certain types. They are quite bright, but a certain

Company	Price
AT&T	100.00
Exxon	45.00
General Electric	35.00
Morgan Stanley	120.00
Du Pont	60.00
IBM	110.00
Johnson & Johnson	55.00
Kodak	40.00
Merck	30.00
Pfizer	25.00
Roche	20.00
Schering	15.00
Synovate	10.00
Tylenol	5.00
Valium	4.00
Zanax	3.00

sort. They like to hire WASP types even if they are black or Jewish.

And in that environment it is hard to be innovative, because innovation means taking risks, and they proceed with great caution."

Such talk angers Mr. Baldwin, Morgan's president. "I get wild when they talk about that white-shoe thing," he said. "Why are we No. 1? Because we are nice people? Because we play golf? I stand on our record. It wasn't because of these so-called school ties. These people are in a tough business. Do you think these people can't compete? If we are getting the cream of the cream of the best business schools, they can't be robots."

Many in the industry contend that in the Rule 415 world, having a network of hundreds of branch offices is increasingly important. Such a network allows a firm to bid more aggressively for business, particularly equity offerings, because they are assured of a quick resale.

Need for Alliance

Yet the chances of Morgan getting into this business by buying regional firms has decreased as these firms have been gobbled up by others, a trend that also affects Morgan's ability to form syndicates.

"Morgan's basic Achilles' heel has been the fact that they've chosen not to go into retail," said Samuel L. Hayes 3d, the Jacob Schiff professor of investment banking at Harvard Business School. "It's clearly a problem facing them on whether they have the in-house capacity to put away a lot of securities in a short period of time — nothing like the potential power of Merrill. Morgan has to have an alliance with individual retail firms. But that's a shrinking universe."

Morgan disagrees. "The distribution power of this firm takes a backseat to no one," said the managing director, Thomas A. Saunders 3d. "Our strength is unbelievable. We have the capacity to go head-to-head with any firm in the business."

Morgan sees its distribution system as being faster than those of large retail houses, which Morgan claims are often so large as to be clumsy. Also, Morgan argues, individual investors are not a factor in the purchase of corporate bonds, which go almost exclusively to big institutions, whose ties to Morgan are strong. Even in equity issues, 85 percent goes to institutions, Morgan partners said.

The issue of whether to pursue broad retail distribution was discussed several years ago at Morgan, but is not today, Morgan partners say. Nonetheless, Morgan has changed. It raised eyebrows recently when it agreed to jointly manage underwritings of securities issued by General Electric Credit Corp. and Du Pont, a departure from a policy of being the sole manager for industrial underwritings.

Morgan has also substantially beefed up its trading operations, until 1971, it did not deal in actively issued securities. But it is still viewed as ranking below such trading powerhouses as Salomon Brothers and Goldman Sachs, whose trading roots run deeper and which trade a wider variety of financial instruments.

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9M	15 1/4 - 15 1/2
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CONVOCATION OF THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual general meeting of Shareholders will be held at the head office of the Corporation, 14 Rue Aldringen, Luxembourg City at 3 p.m. on April 1st, 1982, with the following agenda:

- 1) to hear and accept the reports of
 - A) the Directors
 - B) the Statutory Auditor
- 2) to approve the balance sheet and the profit and loss account for the fiscal year ended 31 December, 1981
- 3) to discharge the Directors and the auditor in respect of the performance of their duties
- 4) to elect Directors and Statutory Auditor in accordance with the articles of incorporation
- 5) miscellaneous.

Resolutions to be taken at this ordinary general meeting of Shareholders are not subject to quorum requirements.

Furthermore, notice is hereby given that ordinary general meeting as above, will immediately be followed by an extraordinary general meeting of Shareholders at the same place of meeting for the purposes of considering and, if deemed fit, of approving the following agenda:

- A) declaration of a 5% stock dividend;
- B) decision to implement the distribution of a stock dividend by way of an increase of the corporate capital by issuing 53,025 new shares of a par value of \$1 with a premium totalling the last determined net asset value per share and by adding profit available for distribution to the capital and to the extraordinary reserve respectively;
- C) decision to amend article 5 of the articles of incorporation to reflect such action.

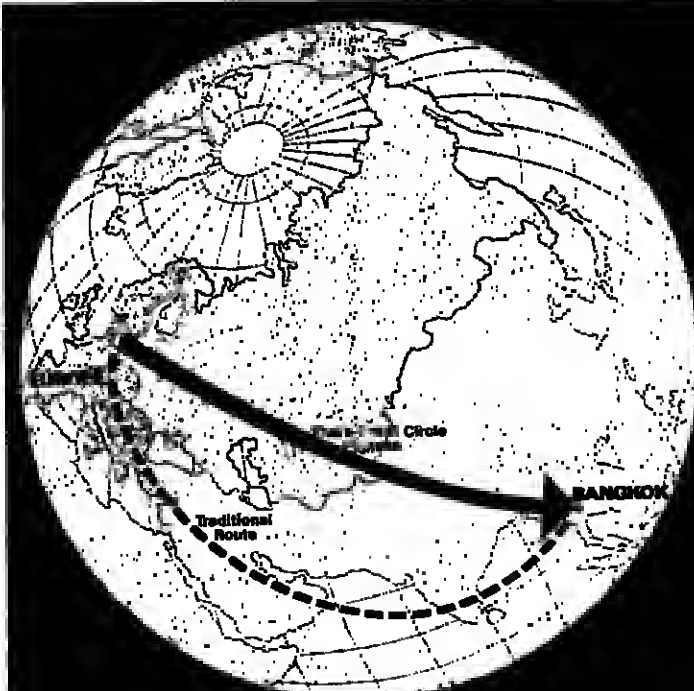
Shareholders are informed that the above resolution may be taken at the extraordinary general meeting only if 50% of the shares outstanding are represented in person or by proxy and must be approved by at least two thirds of shares represented.

In the event that such quorum condition is not fulfilled, a second meeting, not subject to such quorum requirement, will be called through publication of additional notices and will take place after the delays required by law.

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Tables include the nationwide prices up to the closing on Wall Street.

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Alghasban (air).....	\$	165.00	82.50		Litha (air).....	\$	124.00	62.00	
Africa, ex-Fr. ocean. (air).....	\$	230.00	115.00	63.00	Luxembourg.....	L.F.	5,400.00	2,700.00	1,500.00
Africa, others (air).....	\$	230.00	115.00	63.00	Malagasy (air).....	\$	330.00	165.00	92.00
Algeria (air).....	\$	230.00	115.00	63.00	Malta (air).....	\$	230.00	115.00	63.00
Austria.....	Sch	230.00	115.00	63.00	Mexico.....	\$	330.00	165.00	92.00
Belgium.....	B.F.	5,400.00	2,700.00	1,500.00	Morocco (air).....	\$	230.00	115.00	63.00
Bulgaria (air).....	\$	230.00	115.00	63.00	Netherlands.....	Fl.	406.00	203.00	112.00
Canada (air).....	\$	230.00	115.00	63.00	Norway (air).....	N.K.R.	810.00	405.00	225.00
Cyprus (air).....	\$	115.00	57.50	31.50	Pakistan.....	\$	165.00	82.50	46.50
Czechoslovakia (air).....	\$	230.00	115.00	63.00	Poland (air).....	\$	230.00	115.00	63.00
Denmark (air).....	D.Kr.	990.00	495.00	270.00	Polynesia, French (air).....	\$	248.00	124.00	69.00
Egypt (air).....	\$	248.00	124.00	69.00	Portugal (air).....	Esc.	7,200.00	3,600.00	1,980.00
El Salvador (air).....	\$	230.00	115.00	63.00	Romania.....	\$	115.00	57.50	31.50
Finland (air).....	F.M.	810.00	405.00	225.00	Saudi Arabia (air).....	\$	248.00	124.00	69.00
France.....	F.F.	720.00	360.00	198.00	South America (air).....	\$	330.00	165.00	92.00
Germany.....	D.M.	960.00	480.00	280.00	Spain (air).....	Ps.	12,600.00	6,300.00	3,520.00
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Iceland (air).....	\$	230.00	115.00	63.00	U.S.S.R. (air).....	\$	230.00	115.00	63.00
Ireland.....	Ir.	72.00	36.00	19.80	U.S.A. (air).....	\$	230.00	115.00	63.00
Israel (air).....	\$	248.00	124.00	69.00	Yugoslavia (air).....	\$	230.00	115.00	63.00
Italy.....	Lir.	144,000.00	72,000.00	39,600.00	Other Eur. Countr. (air).....	\$	230.00	115.00	63.00
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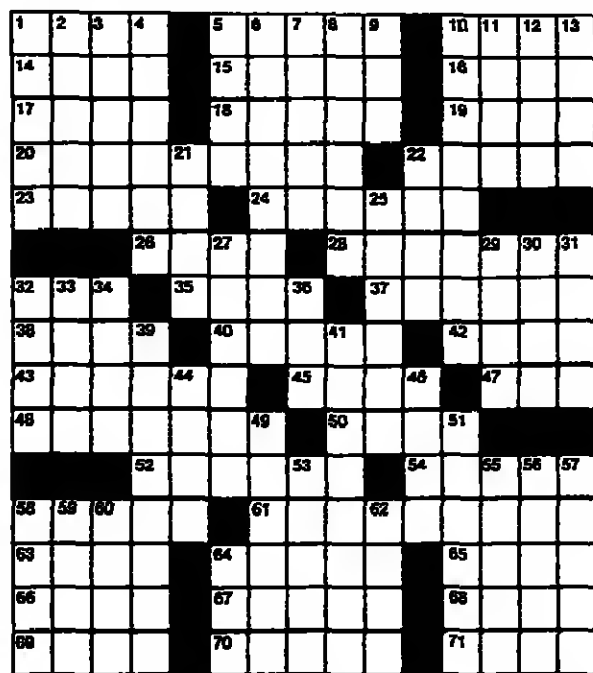
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Edited by Eugene T. Maleska



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WEATHER

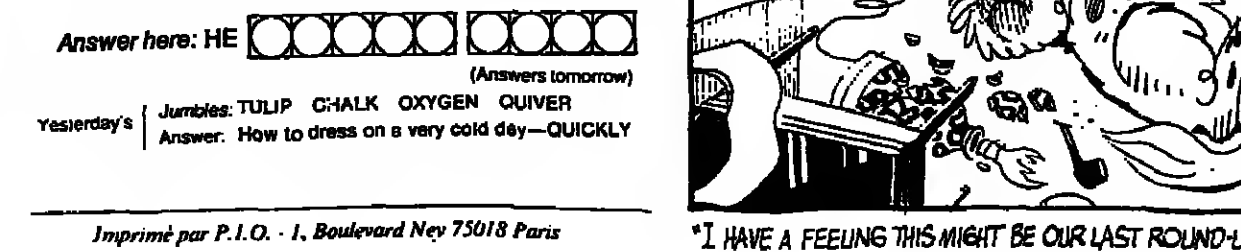
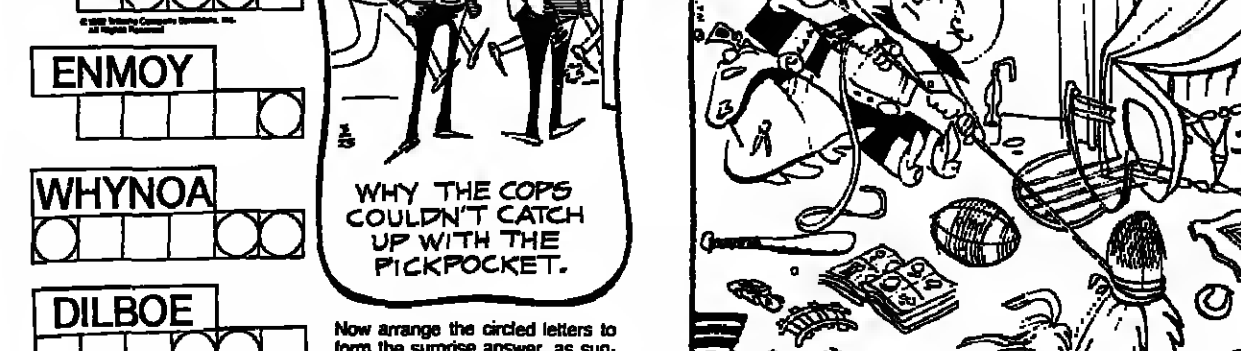
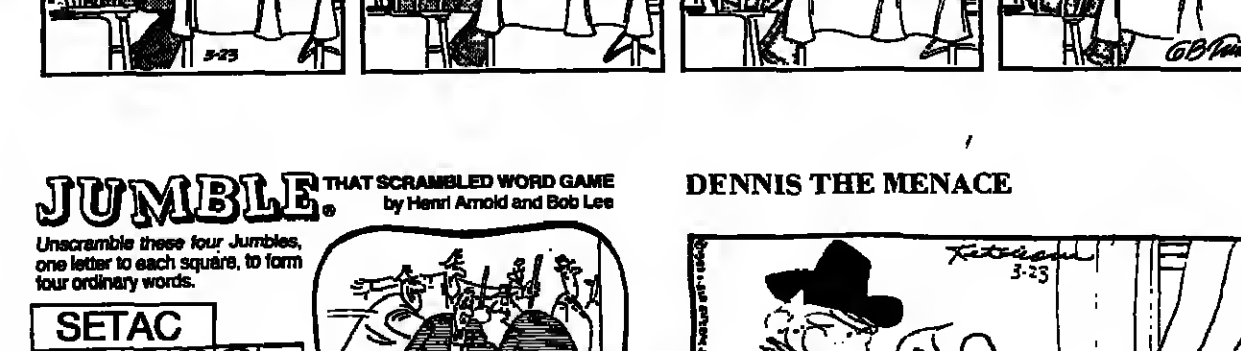
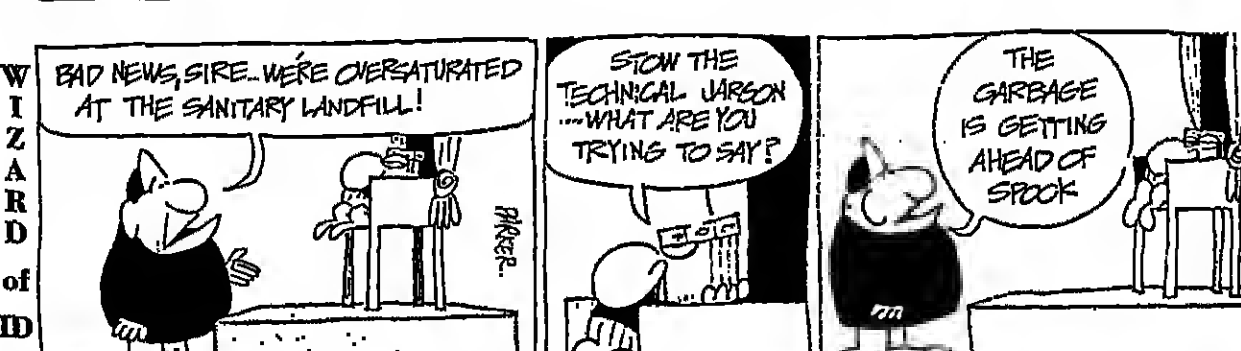
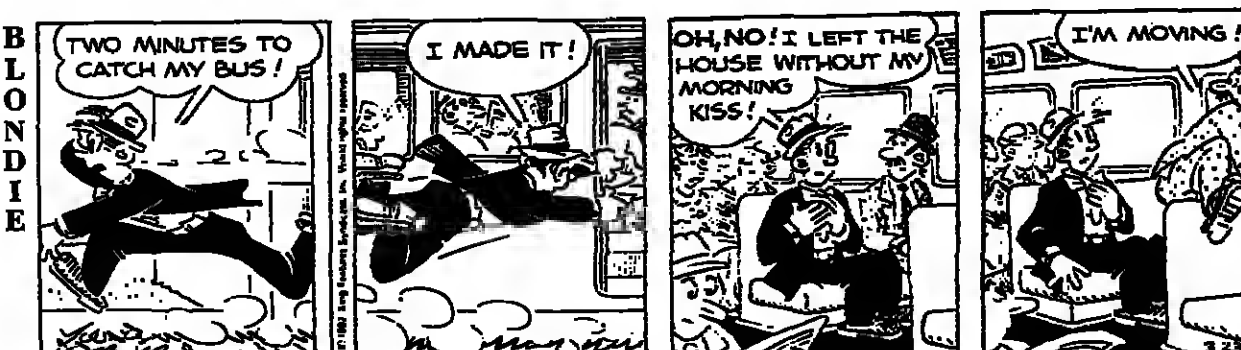
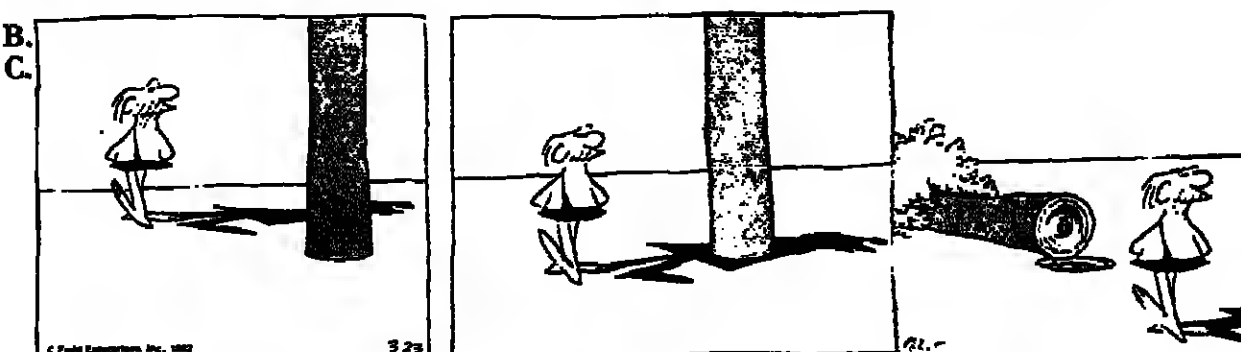
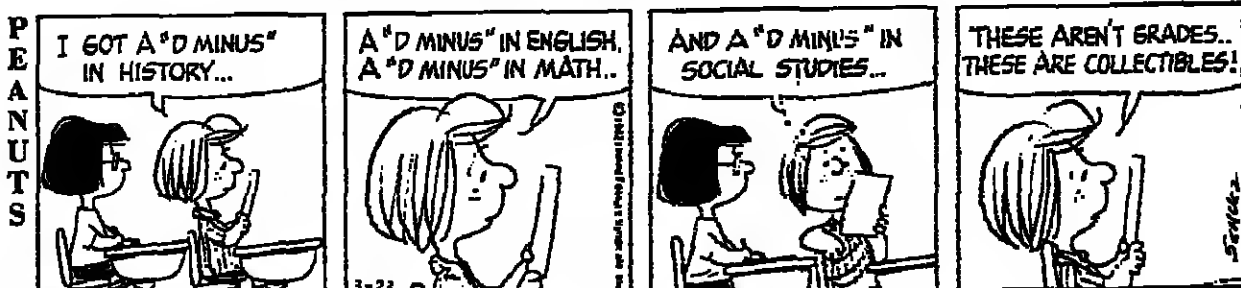
	HIGH	LOW		HIGH	LOW
	C	F		C	F
ALBANY	17	64	12	54	Fair
ALGERIA	17	64	12	54	Fair
AMSTERDAM	7	45	10	50	Cloudy
ANKARA	10	50	4	39	Cloudy
ANTWERP	15	59	9	48	Fair
AUCKLAND	23	73	10	50	Cloudy
BANGKOK	35	95	26	79	Foggy
BARCELONA	20	68	9	48	Fair
BRISTOL	10	50	4	39	Cloudy
BERLIN	7	45	5	34	Foggy
BOSTON	10	50	4	39	Cloudy
BRAZILIA	27	81	16	61	Foggy
BUCHAREST	4	39	-2	28	Cloudy
BUDAPEST	6	43	-1	30	Cloudy
BUEENOS AIRES	27	81	16	61	Foggy
CAIRO	27	75	18	64	Foggy
CAPE TOWN	28	82	13	59	Fair
CASABLANCA	27	81	16	61	Foggy
CHICAGO	5	41	-4	25	Fair
COPENHAGEN	4	39	1	34	Foggy
COSTA DEL SOL	27	81	16	61	Foggy
DAMASCUS	13	55	4	40	Fair
DUBLIN	13	55	2	36	Cloudy
EDINBURGH	8	46	1	34	Cloudy
EL PASO	13	55	4	40	Fair
FRANKFURT	8	46	-1	30	Cloudy
GENEVA	10	50	-1	30	Overcast
HELSINKI	10	50	2	33	Overcast
HONG KONG	34	79	19	66	Overcast
HONOLULU	16	61	10	50	Stormy
ISTANBUL	13	55	2	36	Overcast
JERUSALEM	15	59	5	41	Fair
LAS PALMAS	20	68	16	61	Fair
LIMA	27	81	16	61	Foggy
LONDON	22	72	11	52	Fair
LISBON	9	48	4	39	Cloudy
LOS ANGELES	34	75	10	50	Fair
MAADRID	38	64	17	63	Fair
MANILA	23	73	11	52	Cloudy
MEXICO CITY	27	81	16	61	Foggy
MILAN	29	84	21	70	Fair
MONTREAL	13	55	3	37	Cloudy
MOSCOW	5	41	-4	25	Fair
MURKIN	7	45	1	34	Shewery
NAGASAKI	27	81	16	61	Foggy
NEW DELHI	27	81	16	61	Foggy
NEW YORK	13	55	5	41	Fair
OSLO	2	34	0	33	Snow
PARIS	9	48	4	39	Overcast
PRAGUE	8	46	3	37	Foggy
REYKJAVIK	3	37	1	34	Overcast
RIO DE JANEIRO	28	82	23	73	Fair
ROME	13	55	4	40	Fair
SALISBURY	27	77	19	64	Fair
SAO PAULO	25	77	14	57	Fair
SEOUL	13	55	4	40	Fair
SINGAPORE	13	55	5	40	Foggy
SINGAPORE	29	84	14	57	Cloudy
STOCKHOLM	13	55	4	40	Fair
SYDNEY	27	77	17	63	Fair
TAIPEI	24	75	14	57	Foggy
TEHRAN	21	70	7	45	Fair
TOKYO	27	81	16	61	Foggy
TUNIS	13	55	5	41	Fair
VENICE	14	57	3	37	Fair
VIENNA	14	57	3	37	Fair
WARSAW	6	43	2	34	Fair
WASHINGTON	15	59	2	34	Fair
ZURICH	7	45	-1	30	Foggy

Readings from the previous 24 hours.

ADVERTISEMENT INTERNATIONAL FUNDS

March 22, 1982

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose values are based on last prices. The following symbols indicate frequency of quotations supplied by the IHT: (C) - daily; (M) - monthly; (Q) - quarterly; (S) - semi-annually; (Y) - annually.			
BANK JULIUS BAER & CO. LTD.		BANK OF SWITZERLAND	
(1) Swiss Franc	\$F 65.45	(1) Swiss Franc	\$F 65.45
(2) German Mark	\$F 75.00	(2) German Mark	\$F 75.00
(3) French Franc	\$F 65.45	(3) French Franc	\$F 65.45
(4) Italian Lira	\$F 65.45	(4) Italian Lira	\$F 65.45
(5) Dutch Guilder	\$F 65.45	(5) Dutch Guilder	\$F 65.45
(6) Belgian Franc	\$F 65.45	(6) Belgian Franc	\$F 65.45
(7) Spanish Peseta	\$F 65.45	(7) Spanish Peseta	\$F 65.45
(8) Portuguese Escudo	\$F 65.45	(8) Portuguese Escudo	\$F 65.45
(9) Greek Drachma	\$F 65.45	(9) Greek Drachma	\$F 65.45
(10) Turkish Lira	\$F 65.45	(10) Turkish Lira	\$F 65.45
(11) Japanese Yen	\$F 65.45	(11) Japanese Yen	\$F 65.45
(12) Australian Dollar	\$F 65.45	(12) Australian Dollar	\$F 65.45
(13) New Zealand Dollar	\$F 65.45	(13) New Zealand Dollar	\$F 65.45
(14) Canadian Dollar	\$F 65.45	(14) Canadian Dollar	\$F 65.45
(15) Hong Kong Dollar	\$F 65.45	(15) Hong Kong Dollar	\$F 65.45
(16) Singapore Dollar	\$F 65.45	(16) Singapore Dollar	\$F 65.45
(17) Thai Baht	\$F 65.45	(17) Thai Baht	\$F 65.45
(18) Philippine Peso	\$F 65.45	(18) Philippine Peso	\$F 65.45
(19) Indonesian Rupiah	\$F 65.45	(19) Indonesian Rupiah	\$F 65.45
(20) Malaysian Ringgit	\$F 65.45	(20) Malaysian Ringgit	\$F 65.45
(21) South African Rand	\$F 65.45	(21) South African Rand	\$F 65.45
(22) Botswana Pula	\$F 65.45	(22) Botswana Pula	\$F 65.45
(23) Lesotho Pula	\$F 65.45	(23) Lesotho Pula	\$F 65.45
(24) Swaziland Lilangeni	\$F 65.45	(24) Swaziland Lilangeni	\$F 65.45
(25) Malawi Kwacha	\$F 65.45	(25) Malawi Kwacha	\$F 65.45
(26) Zambian Kwacha	\$F 65.45	(26) Zambian Kwacha	\$F 65.45
(27) Mozambique Escudo	\$F 65.45	(27) Mozambique Escudo	\$F 65.45
(28) Namibian Dollar	\$F 65.45	(28) Namibian Dollar	\$F 65.45
(29) Botswana Pula	\$F 65.45	(29) Botswana Pula	\$F 65.45
(30) Lesotho Pula	\$F 65.45	(30) Lesotho Pula	\$F 65.45
(31) Swaziland Lilangeni	\$F 65.45	(31) Swaziland Lilangeni	\$F 65.45
(32) Malawi Kwacha	\$F 65.45	(32) Malawi Kwacha	\$F 65.45
(33) Zambian Kwacha	\$F 65.45	(33) Zambian Kwacha	\$F 65.45
(34) Mozambique Escudo	\$F 65.45	(34) Mozambique Escudo	\$F 65.45
(35) Namibian Dollar	\$F 65.45	(35) Namibian Dollar	\$F 65.45
(36) Botswana Pula	\$F 65.45	(36) Botswana Pula	\$F 65.45
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(39) Malawi Kwacha	\$F 65.45	(39) Malawi Kwacha	\$F 65.45
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(41) Mozambique Escudo	\$F 65.45	(41) Mozambique Escudo	\$F 65.45
(42) Namibian Dollar	\$F 65.45	(42) Namibian Dollar	\$F 65.45
(43) Botswana Pula	\$F 65.45	(43) Botswana Pula	\$F 65.45
(44) Lesotho Pula	\$F 65.45	(44) Lesotho Pula	\$F 65.45
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(46) Malawi Kwacha	\$F 65.45	(46) Malawi Kwacha	\$F 65.45
(47) Zambian Kwacha	\$F 65.45	(47) Zambian Kwacha	\$F 65.45
(48) Mozambique Escudo	\$F 65.45	(48) Mozambique Escudo	\$F 65.45
(49) Namibian Dollar	\$F 65.45	(49) Namibian Dollar	\$F 65.45
(50) Botswana Pula	\$F 65.45	(50) Botswana Pula	\$F 65.45
(51) Lesotho Pula	\$F 65.45	(51) Lesotho Pula	\$F 65.45
(52) Swaziland Lilangeni	\$F 65.45	(52) Swaziland Lilangeni	\$F 65.45
(53) Malawi Kwacha	\$F 65.45	(53) Malawi Kwacha	\$F 65.45
(54) Zambian Kwacha	\$F 65.45	(54) Zambian Kwacha	\$F 65.45
(55) Mozambique Escudo	\$F 65.45	(55) Mozambique Escudo	\$F 65.45
(56) Namibian Dollar	\$F 65.45	(56) Namibian Dollar	\$F 65.45
(57) Botswana Pula	\$F 65.45	(57) Botswana Pula	\$F 65.45
(58) Lesotho Pula	\$F 65.45	(58) Lesotho Pula	\$F 65.45
(59) Swaziland Lilangeni	\$F 65.45	(59) Swaziland Lilangeni	\$F 65.45
(60) Malawi Kwacha	\$F 65.45	(60) Malawi Kwacha	\$F 65.45
(61) Zambian Kwacha	\$F 65.45	(61) Zambian Kwacha	\$F 65.45
(62) Mozambique Escudo	\$F 65.45	(62) Mozambique Escudo	\$F 65.45
(63) Namibian Dollar	\$F 65.45	(63) Namibian Dollar	\$F 65.45
(64) Botswana Pula	\$F 65.45	(64) Botswana Pula	\$F 65.45
(65) Lesotho Pula	\$F 65.45	(65) Lesotho Pula	\$F 65.45
(66) Swaziland Lilangeni	\$F 65.45	(66) Swaziland Lilangeni	\$F 65.45
(67) Malawi Kwacha	\$F 65.45	(67) Malawi Kwacha	\$F 65.45
(68) Zambian Kwacha	\$F 65.45	(68) Zambian Kwacha	\$F 65.45
(69) Mozambique Escudo	\$F 65.45	(69) Mozambique Escudo	\$F 65.45
(70) Namibian Dollar	\$F 65.45	(70) Namibian Dollar	\$F 65.45
(71) Botswana Pula	\$F 65.45	(71) Botswana Pula	\$F 65.45



BOOKS

EDWARDIAN FICTION

By Jefferson Hunter. 280 pp. \$17.50. Harvard University Press, Cambridge, Mass. 02138.

Reviewed by Michiko Kakutani

IT WAS an age, George Orwell once wrote, "when people talked about shoes and eggs and tipping and toasting and heavenly, when they went for divvy week-ends at Brighton and had scrumptious teas at the Troc."

From the whole decade before 1914 there seems to breathe forth a smell of the more vulgar, un-grown-up kinds of luxury, a smell of brilliant and creative, of a more sophisticated and soft-centred chocolate — an atmosphere, as it were, of eating everlasting strawberry ices on green lawns to the tune of the Eton Boating Song.

These images, depicting the reign of Edward VII as a kind of long golden afternoon in English history, make up one of the most popular portraits of that era, and they are images, as Jefferson Hunter demonstrates in "Edwardian Fiction," that are actually quite apocryphal and shallow. Indeed, the period emerges, in Hunter's careful reassessment of its writers, as a time of change and contradictions, a time when the glories of empire began to recede and give way to a more sobering contemplation of a muddled life at home.

The genre of criticism represented by "Edwardian Fiction" is a demanding one, requiring scholarly fluency in the literature of the period and a narrative ability to make the reader feel the curvature of history as it impresses itself on the imagination. In this case, Jefferson is twice blessed; he has read widely and read well, and he is also capable of writing about books with a grace and clarity that make us want to immediately read the novels ourselves.

Organizational Problem

What mars the achievement of his book is a certain organizational problem. The first few chapters — in which the relationship of Edwardian writers to their Victorian predecessors is defined — are needlessly discursive, and a long chapter on Conrad awkwardly tries to force a political interpretation on such works as "Heart of Darkness." It is midway through the book, when he begins to sketch the intellectual and political climate of the day, that Hunter hits his stride.

The Boer War, the spread of the motorcar industry, the growth of the Labor Party and the appearance of a militant suffragette movement — such events suddenly brought into question all the comfortable faiths and assumptions that Englishmen had lived by.

Solution to Previous Puzzle

HANG WERE STARE
OLEO ANIS TAPER
EVIL RACERHORSES
SANDWICH ARMED
MEAT ASIA
STRIP DETECTED
HAUNT GAGES AVE
ESNE BRUIN SPOT
EST SLAINS SPOKE
POSITION CORER
MAINT SCAR
VAPID PORTABLE
DEVONSHIRE DUAL
EROSE ASIA IRKS
WAINED MASK GREE

Position after 30... B-N1

with 31... R-Rch; 32 R-R, R-KN2, followed by the consolidating 33... N-K2, Kasparov struck a gigantic blow with his incredible knight sacrifice, 31 N-K4.

Now 31... R-Rch; 32 R-R, R-N2? was out of the question because of 33 N-B6ch, winning the Black queen. Moreover, 31... Q-B1; 32 R-Rch, K-R3; 33 R-Nch, B-N2; 34 N-B6ch, K-R1; 35 Q-N3! (threatening 36 Q-N6); 36 N-P8, R-R2; 37 B-N6 would have been hopeless for Black.

So Yusupov was obliged to accept the offer with 31... R-N1, thus permitting the powerful thrust with 31 P-B5! There was no defense with 32... R-Rch; 33 R-R, R-N2; 34 B-Q4; 10 P-K4, B-N2; 11 N-N4, B-K2; 12 N-Nch, B-N1; 13 B-B3, P-B4; 14 N-B3, which yields White chances of attack against the weakened kingside? The Black minor pieces would have had trouble assisting in the king's defense.

Yusupov's 10... P-R3; 11 B-N1, B-B3 got him the bishop-pair, but how was he to meet later advances in the center? Of course, after 12... Q-K2, it would have been playing into Black's hands to advance with 13 P-K4? because 13... P-K4; 14 P-P4 (or 14 P-Q5, N-Q5; 15 N-N4, P-N1; 16 N-Q2, P-B4; 17 N-N4, P-N1) would have been a Black powerful dynamic counterplay.

What could have been in Yusupov's mind when he gratuitously loosened his king position with 14... P-K4 in place of the careful 14... P-KN3? Had he played the latter, Kasparov could not have engaged the king's wing so effortlessly with 17 P-B4!

Kasparov far-sightedly sacrificed his QB for attack with 19 Q-B2?; P-QB3; 20 N-B3, P-P3; 21 N-P3, B-BP. After 23 N-K5, Yusupov obtained any threat of crowding the kingside with 24 P-B5 by his prophylactic 23... P-KB4. However, after 26 P-K5, the Black king's wing was cramped anyway, inviting attack on the open K file.

Just when Yusupov could reasonably look forward to simplification

and a sense of urgent doubt began to afflict the nation.

There were, Hunter observes, several reactions on the part of novelists to this turmoil. In the first place, writers discovered a host of new subjects from psychoanalysis (Algeron Blackwood's "John Silence: Physician Extraordinary") to the growing sexual threat of Germany (Erskine Childers' "The Riddle of the Sands") to the new doctrine of Zionism (M.P. Shiel's "The Lord of the Sea"). They also introduced a whole new cast of characters to the novel, characters who would have once been dismissed as insufficiently glamorous — jockeys and spies, journalists and inventors, housewives and suffragettes.

Other writers took a different tack. Faced with all the nervous-making changes taking place in England, they opted for a more elemental world of escape and romance, creating in such works as "The Blue Lagoon" and "Green Mansions" exotic places where confrontations with nature offered the chance of spiritual redemption, where manhood could be reaffirmed with a simple rifle. The figure of the brave hero, alone in the jungle, fending off the darkness by continuing to dress for dinner, came to stand for a romantic world in which heroism was still possible.

Far-flung Battle Lines

With Kipling, of course, such heroes were identified with the British Empire itself, but as disillusion with imperialism accelerated, even Kipling's work took on a kind of elegiac tone.

"Before 'Recessional,'" writes Hunter of Kipling's famous poem, "is buoyant expansionism and confidence in the heroic national purpose which produced the far-flung battle lines and far-called navies cited in its lines. After the poem is worry about what England would become in the future."

Indeed, late Edwardian fiction was marked by a return to domestic concerns. The novelist packs his bags, turning his attention from the jungles of the Congo to London and the English countryside; his preoccupation with heroism gives way to an examination of the rituals of daily life.

As this retreat takes place, the whole matter of "Englishness" becomes a central issue — that is, the question E.M. Forster posed in "Howards End": Does England belong "to those who have moulded her and made her feared by other lands, or to those who have added nothing to her power, but have somehow seen her, seen the whole island at once, lying as a jewel in a silver sea, sailing as a ship of souls, with all the brave world's fleet accompanying her toward eternity?" It is a question asked, with varying degrees of willingness, by nearly every major Edwardian author — authors whose cumulative achievement is intelligently chronicled by Hunter in this, his first book. His achievement, though flawed, represents the bright debut of a new critical voice.

Michiko Kakutani is on the staff of The New York Times.

CHESS

By Robert Byrne

WHEN you are 18 years old and defeating your strongest opposition in games of brilliancy-prize caliber, as Gari Kasparov of the Soviet Union is doing, how can you be expected to develop humility?

The new star had the temerity to say that the play of his compatriot Anatoly Karpov, the world champion, was lacking any especially noteworthy feature. Kasparov realized by childing Kasparov for his lack of objectivity. Their first and only over-the-board encounter was a spirited draw.

Back in the 50's, at least a half-dozen Soviet grandmasters deprecated the play of the then champion, Mikhail Botvinnik, changing their opinion only after several from their midst had failed to knock him from the throne. Will history repeat itself in a future Kasparov-Kasparov duel?

Kasparov's performance in the U.S.S.R. Championship in Frunze was studied with scrupulous games. Here is yet another against Grandmaster Arur Yusupov.

The prevailing opinion is that when using Bogolyubov's 3... B-N5ch and eliciting the reply 4 B-Q2, Black's consistent course is to exchange bishops; thus, one might have expected 7... B-B3; 8 Q-B3, B-N2. In putting off 7... B-N2, Yusupov covered his take into account the speculative gambit Kasparov fired off with 8 B-N5?

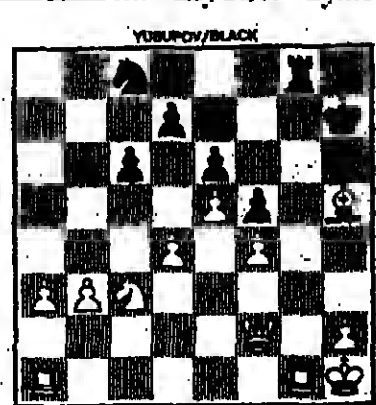
Should Yusupov have explored the problems of 8... B-P3; 9 N-K5, B-K2; 10 P-K4, B-N2; 11 N-N4, B-K2; 12 N-Nch, B-N1; 13 B-B3, P-B4; 14 N-B3, which yields White chances of attack against the weakened kingside? The Black minor pieces would have had trouble assisting in the king's defense.

Yusupov's 10... P-R3; 11 B-N1, B-B3 got him the bishop-pair, but how was he to meet later advances in the center? Of course, after 12... Q-K2, it would have been playing into Black's hands to advance with 13 P-K4? because 13... P-K4; 14 P-P4 (or 14 P-Q5, N-Q5; 15 N-N4, P-N1; 16 N-Q2, P-B4; 17 N-N4, P-N1) would have been a Black powerful dynamic counterplay.

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Just when Yusupov could reasonably look forward to simplification



Position after 30... B-N1

Art Buchwald

Guerrilla of the Week

WASHINGTON — "Good evening, ladies and gentlemen, welcome to the hit television show, 'Guerrilla of the Week.' I brought you to you direct from the U.S. State Department by a grant from the Central Intelligence Agency. Ed, will you bring out our latest guerrilla?"



Buchwald

"Dean, this is Hernandez Juan Pico, a Cuban-trained Nicaraguan, who was captured in the jungles of El Salvador after making a parachute drop from Ethiopia into Honduras, carrying a Soviet-made bazooka."

"It's good to have you on the show, Juan. They say you're a real tough Marxist hombre. Tell us, Juan, how long have you been a communist guerrilla?"

"I am not a guerrilla. I am a raisin picker from Juarez, Mexico."

"Ha, ha, that's a good one, Juan. It says right there that you are the leader of the First of May Che

Guevara Brigade, and fought in Angola with the Fifth of October Fidel Castro 5th Troops."

"That's not me. I am a raisin picker. See, I filled out all the papers."

"Then what are you doing on this show?"

"I do not know, señor. I came to the State Department to apply for a green card so I could pick raisins, and the lady sent me in here. I promise, sir, I will go home as soon as the raisin season is over."

"Are you trying to tell me that you were not trained by the Cubans in Ethiopia with Soviet weapons to overthrow the legal government in El Salvador?"

"Si, señor, I have never been out of Juarez. But I have a cousin who lives in Fresno, and he will guarantee me a job if you would just give me a green card."

"All right, let's knock off the playing-acting, Juan. Just tell us how you hate the gringos in America and what the KGB told you about the United States."

"I love the United States, señor, from sea to shining sea. This land was made for you and me. I am a Yankee doodle dandy, a Yankee doodle do or die. Please, sir, can I have a green card and catch a bus for Fresno?"

"Juan, we don't give out green cards on 'Guerrilla of the Week.'"

"That's too bad. This is the fourth office they've sent me to. Maybe you know someone who will let me pick raisins in Fresno. I will light a candle for the secretary of state every day."

"There seems to be a mixup somewhere, ladies and gentlemen. Don't turn your dial to CIA, where the hell is the real Pico?"

"I just checked with the CIA, Dean. Someone issued him a green card while he was waiting in the Blue Room, and the last anyone saw of him, he got a job driving a taxi at National Airport."

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Original Studio Of Walt Disney Sold at Auction

LOS ANGELES — The garage studio where Mickey Mouse and the rest of the Walt Disney entertainment empire was born was auctioned for \$8,500 by a Disney buff who hopes it will become a landmark at the city's Museum of Natural History.

However, Paul Maher, who bought the oversized tool shed about a year ago, got neither the \$10,000 he wanted for the 18-foot-by-12-foot garage nor a guarantee it will be preserved.

The buyers' employees of Walt Disney Productions and members of Hollywood Heritage will store it in a warehouse "until its ultimate disposition is decided," said spokesman Art Adler.

Maher says he is willing to lend a hand developing it for display of Disney memorabilia.

Maher's backyard antioo also sold 260 pieces of cartoon memorabilia, including a stained glass window featuring Mickey Mouse.

Susan Sontag Into the Fray

Attack on Communism Shakes Up Intellectualdom

By James Lardner

Washington Post Service

WASHINGTON — "Com-

munism is fascism."

It has been five weeks since the

writer and critic Susan Sontag

spoke those words at a rally of

support for Poland's Solidarity

movement, but the echoes have

not stopped rebounding through

the halls of New York intellectual-

dom. Mary McCarthy, William

F. Buckley Jr., Noam Chomsky,

Diana Trilling, Jessica Mitford,

Jacopo Timpani, Andrew Kop-

pkins and Paul Robeson Jr.,

among others, have taken up

their pens in reply. The debate

has consumed vast portions of

the Village Voice and The Na-

tion. Sontag has filed a \$50,000

lawsuit against the Soho News

for "the dreadful Soho News," she

called it, for reprinting her

speech without permission. [The

Soho News has since ceased pub-

lication.]

No Unanimous Belief

The world is not unanimous in

its belief that anything that con-

cerns these people and publica-

tions should automatically op-

erate. Clearly, private

grievances, willful misunder-

standings and plain old loquac-

iousness have played their parts

in the Sontag contretemps. But

even in its most loud-mouthed

and convoluted moments, this

debate illuminates an important

fact of life of the American Left

since 1945. The recent histories

of Czechoslovakia, Southeast

Asia, Afghanistan and Poland

may have eroded the last vestiges

of overt sympathy with the com-

munist world, but there is intense

disagreement still about how

communism should be regarded,

and about how — and in whose

company — it should be op-

posed.

In some ways, the argument

parallels those of the 1930s, '40s

and '50s over Stalin, the

Nazi-Soviet Pact and the postwar

campaign against a domestic

"communist menace." But unlike

many of the anti-communists

whose views were forged in those

times, Sontag was never a Com-

munist herself "and therefore am

not owe a 'repentant' ex-Communist of the God-who-failed variety," she writes.

Sontag was one of the Ameri-

can radicals who reported back

enthusiastically on their travels

to Cuba and North Vietnam during

the 1960s and early '70s. She

intended to "make a little trou-

ble" when she addressed the Feb. 6 rally, she says, but "I think the

most people have forgotten or

don't know what the context was.

I mean, I was talking at a political

meeting, and talking to some

people, not everybody. The rally

had been called, according to

its chairman, Ralph Schoeman,

"because we felt it was essential

for the Left to take up the cause

of the Polish workers . . . to deny

Cold Warriors the support of a work-

ing class movement in Poland

which they would be the first to

suppress in the United States, just

as their clients are doing in

Turkey and El Salvador."

Knowing she would be one of

20 speakers — the others includ-

ed Karl Vonnegut, Pete Seeger

and Gloria Steinem — Sontag

wanted to say something "a little

different." She was concerned

that leftists meant to "co-opt" the

Polish workers' movement without

fully acknowledging its character,

and I thought in that situation it

might be useful to represent the

point of view that people in Poland

have about what they've done or

what they're doing or what they

want. They are not Marxists. They

are not communists. They are not

socialists. They are not. They are

very useful to remind people that

there is a gap between people in

Eastern Europe and people on the

American Left.

Her speech began in the spirit

of the evening. She condemned

the Reagan administration and

"the utter hypocrisy of its support

for the Polish democratic move-

ment." But then she urged her

audience "not to let our sense of

whom we oppose on our side of

the frontier between capital-

ism and communism lead us into

comparisons, hypocrisies and

moralities."

She recalled her own refusal to

believe what emigres wrote about

life in the Soviet Union and East-

ern Europe during the 1950s and

'60s. "We thought we loved jus-

tice, many of us did. But we did

not love truth enough. . . . The

result was that many of us, and I

include myself, did not under-

stand the nature of communist

tyranny. We tried to distinguish

among communisms — for ex-

ample, treating 'Stalinism,' which

we disavowed, as if that were an

aberration, and praising other re-

gimes — outside of Europe

which had and have essentially

the same character."

This phase of her speech pro-

voked immediate boos and his-

ses. The problem was "that

cultural association," as "Rag-

time" author E.L. Doctorow, an-

other of the night's speakers, put

it. The audience at New York's

Town Hall included some with

vivid memories of the McCarthy

era and a correspondingly low

tolerance for any effort to iden-

tify Americans as "soft on com-

munism." In that vein, Jessica



Susan Sontag

Harry Holtzman, The Washington Post

ly on her controversial reference

to the Reader's Digest. "Imagine,

if you will, someone who read

only the Reader's Digest between

1950 and 1970 and someone in

the same period who read only

The Nation or the New States-

man," she asked in her speech.

"Which reader would have been

better informed about the reali-

ties of communism? The answer,

I think, should give us pause."

The current issue of the Na-

tion includes a compilation of

Reader's Digest headlines from

the 1950s including "Red Slaves

Drivers and Sadists," "Stalin's

Plans for the U.S.A.," and "Red

Spy Masters in America" by J.

Edgar Hoover. But Sontag con-

tends she was only referring to

the two magazines' coverage of

life behind the Iron Curtain.

"I'm not associating myself with

other things," she says. "I've

been pilloried as a reader of the

Reader's Digest. I don't read the

Reader's Digest."

The lawsuit against the Soho

News has generated its own con-

trovery. "I am a writer and it

seems to me I should have the

choice of having my entire

speech printed in the place where

I want it printed," says Sontag.

The place she wanted it printed

was The New York Times, but

she also retrenched slight-

her suit charges that the un-

authorized Soho News version

caused The Times to lose inter-

est. (Ultimately, Sontag had the

speech printed in The Nation,

while omitting The Nation/

Reader's Digest comparison,

which she says was extemporane-

ous. Nation editor Victor Navas-

sian retorted that passage in a

preface.)

Out of Context

"I'm not a hip person,"

says Sontag. "This is the first

lawsuit I've ever brought in my

life and I hope to God the last

one." The Soho News could have

quoted 60 or 70 percent of her

speech "and I in no way would

have objected to that," she says,

but as it is, "they have kidnapp-

ed my speech and presented it

outside of its context."

"What a crumbled web of politi-

cal discourse," Nat Hentoff

counters in the current Village

Voice. "This was not a recital of

literary readings. Sontag, among

many others, gave a speech in a

public forum about a public is-

sue. She gave it, as they say, with

an intent to persuade, and there-

fore could not have been dis-

tressed at the possibility her

speech would be reported to

those unfortunate souls who were

unable to be at Town Hall that

night."

PEOPLE:

Independence Council Vetoes Nixon Library

The City Council of Independ-

ence, Mo., has called off plans to

offer backing of a proposed Rich-

ard M. Nixon Library a chance to

build it in Independence. The city

manager, Keith Wilson Jr., had

formed a plan to make Independ-

ence, which houses the Truman Li-

brary and Museum, the only city

in the country with two presiden-

tial libraries. But at a City Council

meeting, the plan was defeated by

a unanimous vote. Councilman

John Carney said he had intro-

duced the resolution himself, af-

ter coming to realize the extent of

opposition to the Nixon ar-

chive. But it was a call to Margaret

Truman Daniel, daughter of the

late President Harry S. Truman,

that tipped the scale for him. He

said she told him that she thought

that putting the Nixon library in

Independence would be inappro-

priate. In New York, where she lives,

Mrs. Daniel said: "Mr. Nixon's

papers should be available to

scholars, but in a library situated

somewhere in his background, and

certainly not in Independence."

Richard Nixon himself is in

Marakech, south Morocco, for a

private visit after spending the

weekend in Paris, where he stayed

at the Ritz and was treated to a 40-

people dinner party attended by

such luminaries as former French

premier Raymond Barre and writer

Louis W. Aron. Nixon will be

recoed by King Hassan in Rabat

on Thursday.

Princess Hiro, grandson of Emper-

or Hirohito and eldest son of

Crown Prince Akihito, graduated

from Gakushuin University with a

bachelor of arts degree in Japanese

history. The 22-year-old prince,

who starts post-graduate studies

in history at the university next

month, will be the first member of